ECO ORO MINERALS CORP.

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

Table of Contents

Independent Auditor's Report 3
Consolidated Statements Of Financial Position 6
Consolidated Statements Of Loss And Comprehensive Loss 7
Consolidated Statements Of Changes In Deficiency 8
Consolidated Statements Of Cash Flows 9
Notes To Consolidated Financial Statements 10

1. Nature Of Operations And Going Concern 10
2. Significant Accounting Policies And Basis Of Preparation 11
3. Plant And Equipment 20
4. Exploration And Evaluation Assets 21
5. Trade And Other Payables 22
6. Loan Payable 23
7. Secured Term Loan Payable 23
8. Amounts Payable On Exploration And Evaluation Asset Acquisition 24
9. Site Restoration Provision 25
10. Convertible Notes 26
11. Promissory Notes 26
12. Deficiency 27
13. Supplementary Cash Flow Information 29
14. Finance Costs 29
15. Related Parties 29
16. Commitments And Contingencies 31
17. Segmented Information 35
18. Capital Management 35
19. Financial Instruments 36
20. Income Taxes 39

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Eco Oro Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Eco Oro Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of loss and comprehensive loss, changes in deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 30, 2021

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

As at	Note	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash		7,118	602
Accounts receivable		24	41
Prepaid expenses and deposits		91	887
		7,233	**1,530**
Non-current assets			
Plant and equipment	3	95	112
Exploration and evaluation assets	4	1	1
		96	**113**
TOTAL ASSETS		**7,329**	**1,643**
LIABILITIES			
Current liabilities			
Trade and other payables	5	2,056	5,846
Loan payable	6	-	8,518
Amounts payable on exploration and evaluation asset acquisition	8	802	855
Current portion of site restoration provision	9	17	68
		2,875	**15,287**
Long term liabilities			
Trade and other payables	5	610	1,943
Promissory notes	11	6,308	5,204
Long-term employee benefits		3	3
Site restoration provision	9	2,580	2,654
		9,501	**9,804**
TOTAL LIABILITIES		**12,376**	**25,091**
SHAREHOLDERS' DEFICIENCY			
Share capital	12	324,928	324,928
Contributions from shareholders		27,687	27,687
Contingent value rights	12	46,974	24,294
Equity reserve		31,942	31,942
Deficit		(400,079)	(395,243)
Accumulated other comprehensive loss		(36,499)	(37,056)
TOTAL SHAREHOLDERS' DEFICIENCY		**(5,047)**	**(23,448)**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**7,329**	**1,643**

Nature of operations and going concern	**1**
Commitments and contingencies	**16**
Segmented information	**17**

These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Courtenay Wolfe Director /s/ Blair Wallace Director

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

		For the years ended	
		December 31, 2020	December 31, 2019
	Note	$	$
Exploration and evaluation expenses:			
Administrative expenses		(605)	(868)
Depreciation	3	(10)	(11)
Environmental	9	(111)	2,229
Legal fees		(293)	(695)
Other exploration and evaluation expenses		(49)	(69)
Salaries and benefits		(726)	(992)
Surface rights		(46)	(15)
		(1,840)	**(421)**
General and administrative expenses:			
Administrative expenses		(309)	(260)
Legal and professional fees		(6,109)	(12,955)
Management and directors' fees		(517)	(986)
Share-based payments	12	-	(32)
		(6,935)	**(14,233)**
Other income (expenses)			
Finance costs	14	(1,334)	(8,533)
Foreign exchange gain		214	855
Gain on modification of convertible notes	10	-	400
Impairment recovery on exploration and evaluation assets	4	4,941	-
Gain on disposal of plant and equipment	3	35	201
Other income		83	54
		3,939	**(7,023)**
Loss for the year		**(4,836)**	**(21,677)**
Other comprehensive income			
Foreign currency translation differences for foreign operations		557	343
Total comprehensive loss		**(4,279)**	**(21,334)**
Loss per share - basic and diluted		**(0.05)**	**(0.20)**
Weighted average number of common shares outstanding - basic and diluted		**106,524,953**	**106,524,953**

Eco Oro Minerals Corp.

Consolidated Statements of Changes in Deficiency

(Expressed in thousands of Canadian dollars unless otherwise specified)

	Share capital							
	Number of shares	**Amount $**	**Contributions from shareholders $**	**Contingent value rights $**	**Equity reserve $**	**Deficit $**	**Accumulated other comprehensive income (loss) $**	**Total $**
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	-	-	-	16,769	-	-	-	**16,769**
Issuance of promissory notes	-	-	16,841	-	-	-	-	**16,841**
Amendment of convertible notes	-	-	(439)	-	-	439	-	**-**
Share-based payments	-	-	-	-	32	-	-	**32**
Loss	-	-	-	-	-	(21,677)	-	**(21,677)**
Other comprehensive income	-	-	-	-	-	-	343	**343**
Balance at December 31, 2019	**106,524,953**	**324,928**	**27,687**	**24,294**	**31,942**	**(395,243)**	**(37,056)**	**(23,448)**
Issuance of contingent value rights	-	-	-	22,680	-	-	-	**22,680**
Loss	-	-	-	-	-	(4,836)	-	**(4,836)**
Other comprehensive income	-	-	-	-	-	-	557	**557**
Balance at December 31, 2020	**106,524,953**	**324,928**	**27,687**	**46,974**	**31,942**	**(400,079)**	**(36,499)**	**(5,047)**

(Expressed in thousands of Canadian dollars unless otherwise specified)

		For the years ended	
	Note	December 31, 2020 $	December 31, 2019 $
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the year		**(4,836)**	**(21,677)**
Adjustments for items not affecting cash:			
Accretion of interest of convertible notes	10	-	123
Accretion of interest of loan payable	6	32	58
Accretion of interest of promissory notes	11	1,277	766
Accretion of interest of secured loan	7	-	3,260
Change in site restoration provision estimate	9	(48)	(2,565)
Depreciation	3	10	11
Finance costs	6	-	140
Impairment recovery on exploration and evaluation assets	4	(4,941)	-
Gain on disposal of plant and equipment	3	(35)	(201)
Gain on modification of convertible notes	10	-	(400)
Remediation expenditures	9	-	(58)
Share-based payments	12	-	32
Unrealized foreign exchange gain		(142)	(802)
Unwinding of discount of site restoration provision	9	92	295
Change in non-cash working capital			
Accounts receivable		17	(1)
Prepaid expenses and deposits		796	(421)
Trade and other payables		(4,852)	2,824
Cash flow used in operating activities		**(12,630)**	**(18,616)**
INVESTING ACTIVITIES			
Proceeds on disposition of exploration and evaluation assets, net of tax and transaction costs	4	4,941	-
Proceeds on disposition of plant and equipment	3	35	201
Cash flow from investing activities		**4,976**	**201**
FINANCING ACTIVITIES			
Proceeds from loan payable, net of financing costs	6	-	8,449
Proceeds on issuance of promissory notes, net of financing costs	11	-	19,349
Proceeds on issuance of contingent value rights, net of financing costs	12	22,680	16,769
Repayment of secured loan	7	-	(27,106)
Repayment of loan payable	6	(8,581)	-
Cash flow from financing activities		**14,099**	**17,461**
Effects of exchange rate changes on cash		71	(95)
Increase (decrease) in cash		**6,516**	**(1,049)**
Cash, beginning of year		**602**	**1,651**
Cash, end of year		**7,118**	**602**

Supplementary cash flow information	**13**		

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Eco Oro Minerals Corp. (the "Company" and "Eco Oro") is a publicly listed company incorporated under the legislation of the Province of British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "EOM". The Company's registered office is located at Suite 1800 - 510 West Georgia Street, Vancouver, British Columbia, Canada. The audited consolidated financial statements of the Company as at and for the year ended December 31, 2020 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, 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.

Going concern

The Company's ability to continue operations and fund future business activities is dependent on management's ability to secure additional financing. The Company believes it has sufficient cash to meet short-term operating needs for the next 12 months. To date, the Company has not generated any profit through its operations.

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. 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.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the COVID-19 has not had a significant impact on the Company's operations.

With respect to the Company's arbitration claim against Colombia, the Company considers that, due to the advanced stage of the proceeding, the impact of COVID-19 is likely to be insignificant. The final hearing took place in late January 2020 and the Company filed its Post-Hearing Brief (its final written submission) on March 1, 2020, following which the Tribunal began its deliberations prior to issuing a final award. The Company is working closely with legal counsel to consider any possible impacts as a result of COVID-19.

In terms of the closure plan (note 9) submitted in Colombia, COVID-19 may delay the decision to be made by the Colombian authorities.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

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

These consolidated financial statements were approved by the Board of Directors and authorized for issue on April 30, 2021.

Basis of measurement

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

Use of estimates

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Use of estimates (continued)

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

- **Recoverability of exploration and evaluation assets and plant and equipment (notes 3 and 4)**
  While assessing whether any indications of impairment exist for evaluation and exploration assets and plant and equipment, consideration is given to both external and internal sources of information. Information that the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of evaluation and exploration assets. Internal sources of information include the manner in which evaluation and exploration assets and plant and equipment are being used or are expected to be used and indications of expected economic performance of the assets.

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

  During the years ended December 31, 2020 and 2019, management determined that there were no changes to the impairment indicators above and therefore continues to record the recoverable amount of the Company's exploration and evaluation assets at $1.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Use of estimates (continued)

- **Measurement of liabilities for share-based payment arrangements (note 12)**
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- **Recovery of deferred tax assets (note 20)**
  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement.

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

- **Measurement of below market-rate loans (note 11)**
  Management determines the fair-value of below market-rate loans extended from shareholders by discounting the notes by a market rate of return. To determine the discount rate to apply on initial recognition of these loans, management estimates a market rate of return by reference to risk-free rates adjusted for country and entity specific characteristics. Changes to these estimates affect the allocation of debt and equity on initial recognition of these loans and subsequent finance costs.

Use of judgments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Use of judgments (continued)

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

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

- **Commitments and Contingencies (note 16)**
  Periodically, the Company may be contingently liable with respect to claims incidental to the course of its operations. In the opinion of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters will not have a material adverse effect on the Company. Accordingly, no provision has been made in the accompanying consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

Significant accounting policies

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

- **Cash and cash equivalents**
  Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. As at December 31, 2020 and 2019, the Company had no cash equivalents.

- **Financial instruments**

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

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

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

Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. As of December 31, 2020 and 2019, the Company has no financial assets classified as FVTPL.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. As of December 31, 2020 and 2019, the Company has no financial assets classified as FVOCI.

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of December 31, 2020 and 2019 the Company has classified its cash and accounts receivable as amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

- **Financial instruments (continued)**

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

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

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

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

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

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. As at December 31, 2020 and 2019, the Company has classified its trade and other payables, loan payable, amounts payable on exploration and evaluation asset acquisition, and promissory notes as other financial liabilities.

Refer to Note 19 for further disclosures.

- **Plant and equipment**

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

The estimated useful lives are as follows:

Buildings	20 years
Office equipment	3 years

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

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

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

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

- **Interest income and finance costs**
  Interest income is recognized as it accrues in profit or loss using the effective interest method.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

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

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

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

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

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

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

(Expressed in thousands of Canadian dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

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

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

3. PLANT AND EQUIPMENT

	Buildings $	Office equipment $	Total $
Cost			
As at December 31, 2018	133	15	**148**
Effect of movements in exchange rates	(7)	(1)	**(8)**
As at December 31, 2019	**126**	**14**	**140**
Depreciation			
As at December 31, 2018	(13)	(5)	**(18)**
Charged for the year	(6)	(5)	**(11)**
Effect of movements in exchange rates	1	-	**1**
As at December 31, 2019	**(18)**	**(10)**	**(28)**
Net book value			
As at December 31, 2018	120	10	130
As at December 31, 2019	**108**	**4**	**112**

(Expressed in thousands of Canadian dollars unless otherwise specified)

3. PLANT AND EQUIPMENT (CONTINUED)

	Buildings $	Office equipment $	Total $
Cost			
As at December 31, 2019	126	14	**140**
Effect of movements in exchange rates	(7)	(1)	**(8)**
As at December 31, 2020	**119**	**13**	**132**
Depreciation			
As at December 31, 2019	(18)	(10)	**(28)**
Charged for the year	(6)	(4)	**(10)**
Effect of movements in exchange rates	-	1	**1**
As at December 31, 2020	**(24)**	**(13)**	**(37)**
Net book value			
As at December 31, 2019	108	4	112
As at December 31, 2020	**95**	**-**	**95**

During the year ended December 31, 2020, the Company disposed plant and equipment with a carrying value of $nil (COP nil) for cash proceeds of $35 (COP 92,000,000); as a result, the Company recognized a gain on disposal of $35 (COP 92,000,000) in the statements of loss and comprehensive loss.

During the year ended December 31, 2019, the Company disposed plant and equipment with a carrying value of $nil (COP nil) for cash proceeds of $201 (COP 494,150,000); as a result, the Company recognized a gain on disposal of $201 (COP494,150,000) in the statements of loss and comprehensive loss.

4. EXPLORATION AND EVALUATION ASSETS

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

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

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

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

(Expressed in thousands of Canadian dollars unless otherwise specified)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Purchase Agreement with Sociedad Minera de Santander S.A.S.

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

During the year ended December 31, 2020, the Company completed the second and the third phase of the transfer and received from Minesa $4,990 (US$3,900,000), net of tax of $128 (US$100,000). In connection with the transaction, the Company incurred $49 in professional fees; as a result, a gain on disposal of $4,941 was recognized in statement loss and comprehensive loss during the year ended December 31, 2020.

Renunciation of Concession 3452

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 for renouncing Concession 3452 in accordance with Law 685 of 2001. On July 5, 2019, the Company submitted the closure plan for 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.

5. TRADE AND OTHER PAYABLES

	December 31, 2020	December 31, 2019
	$	$
Trade payables	611	2,940
Accrued liabilities	102	1,628
Other payables	1,953	3,221
	2,666	**7,789**
Current	2,056	5,846
Long-term	610	1,943
	2,666	**7,789**

The long-term portion of trade and other payables represents the contractual payments, which are due after December 31, 2021, of the Company.

6. LOAN PAYABLE

	US$ (in thousands)	$
Initial recognition	6,500	8,589
Finance costs	44	58
Effect of movements in exchange rate	-	(129)
As at December 31, 2019	**6,544**	**8,518**
Finance costs	25	32
Payment	(6,569)	(8,581)
Effect of movements in exchange rate	-	31
As at December 31, 2020	**-**	**-**

On December 6, 2019, the Company received a bridge loan in an amount of $8,589 (US$6,500,000) (the "Bridge Loan") from Trexs Investments, LLC ("Trexs"). The Bridge Loan bore interest at a rate of 10% per annum

In connection with the Bridge Loan, the Company incurred finance costs of $140. Due to the short-term nature of the Bridge Loan, the finance costs were charged to the statement of loss and comprehensive loss as incurred.

During the years ended December 31, 2020 and 2019, the Company recognized accretion expenses of $32 (US$24,832) and $58 (US$44,342), respectively, as finance costs with a corresponding increase in the carrying value of the liability.

On January 14, 2020, the Company repaid the Bridge Loan in full, with a repayment amount of $8,581 (US$6,569,174).

As at December 31, 2020, the carrying value of the Bridge Loan is $nil (US$nil) (2019 – $8,518 (US$6,544,342)).

7. SECURED TERM LOAN PAYABLE

On April 20, 2018, the Company received a term loan from Trexs in the amount of $19,411 (US$15.19 million). All of the Company's assets were pledged as security for the term loan.

On April 9, 2019, the Company repaid the term loan in full in an amount of $27,106 (US$20,306,033).

During the year ended December 31, 2019, the Company recognized accretion of interest of $3,260.

8. AMOUNTS PAYABLE ON EXPLORATION AND EVALUATION ASSET ACQUISITION

	COP (in thousands)	$
As at December 31, 2018	**2,150,000**	**903**
Effect of movements in exchange rate	-	(48)
As at December 31, 2019	**2,150,000**	**855**
Effect of movements in exchange rates	-	(53)
As at December 31, 2020	**2,150,000**	**802**

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 balance of $802 (COP2,150,000,000) as of December 31, 2020 represents the outstanding payments in relation to the 2009 purchase of the Las Puentes property (December 31, 2019 – $855 (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 non-compliance with 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 Seventh Civil Circuit Court of Bucaramanga (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 heard by the Court on June 7, 2019. At the hearing, the Court determined that Eco Oro had not breached the agreement. The claimant subsequently filed an appeal against the ruling. At the appeal hearing, held on February 14, 2020, the Superior Court of the Judicial District of Bucaramanga determined that the appeal, by which the claimant sought a declaration that Eco Oro had failed to pay the purchase price of the Las Puentes property, should be stayed until a claim filed by Eco Oro for damages resulting from grossly unfair pricing (known as "*lesion enorme*") is decided by the Superior Court. The Court held that only then can the stay of the appeal be lifted in order for a final decision on the claim for breach of contract to be rendered.

(Expressed in thousands of Canadian dollars unless otherwise specified)

9. SITE RESTORATION PROVISION

	December 31, 2020	December 31, 2019
	$	$
Beginning	**2,722**	**5,340**
Decrease in liability due to changes in estimate	(48)	(2,565)
Remediation work performed	-	(58)
Unwinding of discount	92	295
Effect of movements in exchange rates	(169)	(290)
Ending	**2,597**	**2,722**
Current portion	17	68
Long-term portion	2,580	2,654
	2,597	**2,722**
Undiscounted liability for site restoration	2,705	2,985

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

	For the years ended	
	December 31, 2020	December 31, 2019
Pre-tax risk-free discount rate	1.75%	4.25%
Inflation rate	1.61%	3.30%
Years of settlement	2021 - 2023	2020 - 2023
Anticipated closure date	October 1, 2021	October 1, 2020

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

On July 5, 2019, the Company submitted the closure plan for 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.

During the years ended December 31, 2020 and 2019, the Company remeasured the fair value of the site restoration provision pursuant to the submitted closure plan, which resulted in a decrease in liability of $48 and $2,565, respectively. This decrease has been recorded as a recovery of the environmental expenses in the statement of loss and comprehensive loss during the years ended December 31, 2020 and 2019.

As of December 31, 2020, the submitted closure plan is pending for approval.

Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditure differing from the amount currently provided. During the years ended December 31, 2020 and 2019, there were changes in the extent of the required rehabilitation activities, timing of these activities, changes in discount rates and foreign exchange rate.

10. CONVERTIBLE NOTES

During the year ended December 31, 2019, the Company amended US$9,672,727 of convertible notes issued by the Company in 2016 (the "2016 Notes"). The amended 2016 Notes (the "Amended 2016 Notes") are no longer convertible into common shares of the Company. As a result of the amendment, the Company accounted for the transaction as an extinguishment and de-recognition of $2,466 of 2016 Notes and the issuance of $2,066 of replacement Amended 2016 Notes (note 11). The difference of $400 in the carrying value of the 2016 Notes and the initially recognized amount of the Amended 2016 Notes has been recorded as a gain on modification in the statement of loss and comprehensive loss. The $439 difference in the initially recognized contribution from shareholders of $11,285 from the 2016 Notes and the $10,846 determined for the Amended 2016 Notes has been re-classified to deficit on the statement of shareholders' deficiency.

During the year ended December 31, 2019, accretion expenses of $123 was recorded as finance costs with a corresponding increase in the carrying value of the liability.

11. PROMISSORY NOTES

	US$ (in thousands)	$
Initial recognition	3,421	4,573
Finance costs	578	766
Effect of movements in exchange rates	-	(135)
As at December 31, 2019	**3,999**	**5,204**
Finance costs	952	1,277
Effect of movements in exchange rates	-	(173)
As at December 31, 2020	**4,951**	**6,308**

On April 9, 2019 and May 31, 2019, the Company issued promissory notes with an amount of $16,159 (US$12,105,167) and $3,917 (US$2,894,833) (the "2019 Notes"). In addition, the Company amended $12,911 (US$9,672,727) of 2016 Notes to Amended 2016 Notes (note 10).

The Amended 2016 Notes and 2019 Notes (collectively the "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 $16,841 (US$12,584,111) has been recorded as a contribution from shareholders to the equity of the Company.

In addition, the Company incurred issuance costs of $727 (US$543,115) relating to the 2019 Notes and recorded as a reduction of the carrying value of the liability.

During the year ended December 31, 2020, accretion expenses of $1,277 (US$952,458) (2019 – $766 (US$577,821) were recorded as finance costs with a corresponding increase in the carrying value of the liability.

As at December 31, 2020, the carrying value of the Promissory Notes is $6,308 (US$4,950,909) (2019 –$5,204 (US$3,998,451).

12. 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

As of December 31, 2020 and 2019, the Company had 106,524,953 common shares issued and outstanding with a value of $324,928.

During the year ended December 31, 2020 and 2019, no share capital transactions occurred.

Contingent Value Rights (the "CVRs")

During the year ended December 31, 2019, the Company issued $17,399 (US$13,000,000) of contingent value rights certificates (the "2019 CVRs") and incurred issuance costs of $630 (US$470,700). These issuance costs are recorded as a reduction of the carrying value of the 2019 CVRs.

On January 10, 2020, the Company entered into an investment agreement with Trexs (the "2020 Investment Agreement"), pursuant to which Trexs and eligible CVRs holders were entitled to participate in a private placement (the "2020 Private Placement") for aggregate gross proceeds of up to US$20,000,000 of contingent value right certificates (the "2020 CVRs").

The 2020 Private Placement was completed in two stages, as follows:

- On January 13, 2020, the Company issued $21,221 (US$16,258,890) of 2020 CVRs; and
- On February 4 ,2020, the Company issued $2,292 (US$1,725,370) of 2020 CVRs.

In connection with the 2020 Private Placement, the Company incurred issuance costs of $833, which are recorded as a reduction of the carrying value of the 2020 CVRs.

Holders of the 2020 CVRs are entitled to receive an amount of money from the proceeds of the ICSID Arbitration Claim (the "Claim Proceeds"), with the amount they are entitled to receive (the "2020 Total CVR Amount") to be based on the amount of time between the closing of the 2020 Private Placement and payment of the Claim Proceeds. As the 2020 Total CVR Amount will be funded by the re-direction of amounts to which the holders of contingent value right certificates issued in 2016 (the "2016 CVRs"), as subsequently amended in 2019, and holders of contingent value right certificates issued in 2019 would otherwise be entitled, the 2020 Private Placement will not have any impact on the amount of Claim Proceeds (if any) retained by the Company.

At December 31, 2020 and 2019, the carrying value of the 2016 CVRs, 2019 CVRs and 2020 CVRs is $46,974 and $24,294, respectively.

(Expressed in thousands of Canadian dollars unless otherwise specified)

12. DEFICIENCY (CONTINUED)

Stock option plan

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

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

The changes in options during the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**2,552,000**	**0.50**	3,132,000	0.49
Expired	(1,072,000)	0.52	(580,000)	0.28
Balance, end of year	**1,480,000**	**0.49**	**2,552,000**	**0.50**

During the year ended December 31, 2020, 1,072,000 options expired, unexercised (2019 – 580,000).

During the years ended December 31, 2020 and 2019, share-based payments of $nil and $32, respectively, were recorded in connection with stock options vested during the year.

The following summarizes information about stock options outstanding and exercisable at December 31, 2020:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
May 8, 2022	0.49	1,480,000	1,480,000	517,768	1.35

(Expressed in thousands of Canadian dollars unless otherwise specified)

13. SUPPLEMENTARY CASH FLOW INFORMATION

	For the years ended	
	December 31, 2020	December 31, 2019
	$	$
SUPPLEMENTAL CASH FLOW		
De-recognition of carrying value of convertible debentures on conversion to promissory notes	-	2,466
Reclassification of contribution from shareholders of promissory notes	-	16,841
Reclassification of contributions from shareholders to deficit due to the amendment of convertible debentures	-	439
Cash paid during the year for interest	90	3,260
Cash paid during the year for income taxes	-	-

14. FINANCE COSTS

		December 31, 2020	December 31, 2019
	Note	$	$
Colombian fiscal obligations (1)		-	3,997
Interest on convertible notes	10	-	123
Interest on loan payable	6	32	198
Interest on promissory notes	11	1,277	766
Interest on secured term loan payable	7	-	3,260
Others		25	189
		1,334	**8,533**

(1) During the year ended December 31, 2019, the Company received a tax reassessment in the amount of $3,997, which included the tax owing, interest and penalties, with respect to the reassessment of applicable deductions. The Company entered into an agreement with the authority to settle this amount over three years. During the year ended December 31, 2019, the Company charged this amount to the statement of loss and comprehensive loss as finance costs.

15. RELATED PARTIES

Subsidiary

	Ownership interest at	
	December 31, 2020	December 31, 2019
	$	$
Eco Oro S.A.S	100%	100%

(Expressed in thousands of Canadian dollars unless otherwise specified)

15. RELATED PARTIES (CONTINUED)

Key management personnel

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

During the years ended December 31, 2020 and 2019, the short-term benefits incurred for the key management personnel were $652 and $1,140, 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 two months of their base compensation by way of lump sum payment.

Transactions and balances

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

	For the year ended	
	December 31, 2020	**December 31, 2019**
	$	**$**
Canopy Capital Ltd. ("Canopy")		
Directors' fees	73	99
Croftcap Inc. ("Croftcap")		
Directors' fees	70	99
Eric T Consulting Corp.		
Professional fees	135	34
Fintec Holdings Corp. ("Fintec")		
Management fees	202	508
Quantum Advisory Partners LLP ("Quantum")		
Management and professional fees	100	301
Trexs		
Finance costs	32	3,260
	612	**4,301**

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

15. RELATED PARTIES (CONTINUED)

Transactions and balances (continued)

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.

Eric T Consulting Corp. is a company owned by the Company's Chief Financial Officer (CFO), Eric Tsung. The services provided by Eric T Consulting Corp. were in the normal course of operations related to CFO, accounting and corporate secretarial services.

Fintec is a company owned by the Company's former Executive Chairman, former Interim President, and former director, Anna Stylianides. The services provided by Fintec were in the normal course of operations related to director and management fees.

Quantum is a limited liability partnership of which the Company's Chief Executive Officer (CEO) is the incorporated partner. The services provided by Quantum were in the normal course of operations related to CEO, CFO, accounting, corporate secretarial services and management services.

Trexs is an entity managed by Tenor Capital Management Company, L.P. ("TCM") in which the Company's current director, Blair Wallace, is a partner and portfolio manager of TCM and the Company's former director, David Kay, formerly owned an interest.

The balances due to the Company's officers and directors, and the companies controlled by the Company's officers and directors included in trade and other payables were $4 as at December 31, 2020 (December 31, 2019 – $342).

16. 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 ICSID Arbitration Claim.

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.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies

La Plata Mining Title Assignment

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

The panel ordered SMLPL to pay the Company 1,677,500,686 Colombian pesos (plus interest and indexation), which relates to the amount paid to SMLPL by the Company under each of the Annulled Agreements (less 500,000 Colombian pesos X 2), within thirty days of the decision becoming final.

The arbitration panel recognized in its decision that it lacked the power to order the relevant Colombian authorities to annul the administrative acts relating to the property and related environmental management plan registered in the name of the Company. The La Plata property and related environmental management plan remain in the name of the Company. In October 2013, the Company filed with the Judicial District Tribunal Superior Court of Bucaramanga a motion for annulment of the arbitration panels' decision on the basis, among other things, that: the arbitration tribunal lacked jurisdiction to rule on the subordinate partial assignment agreements as they did not contain arbitration clauses; and the statute of limitations should have been applied to the Annulled Agreements as they were subordinate to the La Plata Assignment Agreement.

In February 2014, the Company was notified of the decision rendered by the Judicial District Tribunal Superior Court with respect to the motion for annulment and the Company was not successful. In August 2014, the Company filed with the Supreme Court an action (Acción de Tutela or "Tutela Action") seeking the revocation of the decisions of the arbitration panel and Judicial District Tribunal Superior Court.

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.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (continued)

La Plata Mining Title Assignment (continued)

On August 4, 2015, the Company was notified of the decision rendered by the Court that SMLPL was not successful and the Tutela Action was dismissed. As the La Plata Assignment Agreement (and the first of three subordinate partial assignment agreements) remains valid, if necessary, the Company may commence a legal action against

SMLPL to require SMLPL to comply with its obligations thereunder, including the obligation to legally assign the remaining portion of the La Plata property, which was the subject of the Annulled Agreements, to the Company. On July 8, 2018, the Company executed a transaction agreement with SMLP, thereby reaching an amicable resolution to the dispute.

Other

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. Other than disclosed herein, the Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

Uncertainties

Páramo ecosystem boundaries

In June 2011, the Colombian Congress enacted the National Development Plan (Law 1450 of 2011) (the "National Development 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) issued Resolution 2090 declaring the boundaries of the Santurbán Páramo. The Resolution provided certain exceptions to the restrictions on mining activities in páramo ecosystems, including exceptions for mining concessions for which an environmental license or equivalent environmental management and control instrument had been granted prior to February 9, 2010 and exceptions for mining in the "restoration zone" of the páramo in the traditional mining municipalities of California, Suratá and Vetas, which applied to Eco Oro's Concession 3452. The National Development Plan enacted in 2015 (Law 1753 of 2015) similarly provided exceptions to the restrictions on mining activities in páramo ecosystems. The National Development 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.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Uncertainties (continued)

Páramo ecosystem boundaries (continued)

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 social and economic importance, it declared the provisions of the National Development Plan that provided that the ANLA would have exclusive authority for licensing such projects, regardless of the size of the project, to be unconstitutional.

On March 7, 2016, the Company announced that it had formally notified the Government of Colombia of the existence of a dispute between Eco Oro and the Government under Canada-Colombia Free Trade Agreement (the "Free Trade Agreement"). The dispute has arisen out of Colombia's measures and omissions, which have adversely impacted the rights granted to Eco Oro to explore and exploit its Angostura Project.

Following the notification of the dispute to the Government, the Company was notified on August 8, 2016 of a decision from the ANM by way of Resolution VSC 829 dated August 2, 2016 (the "ANM Resolution"). The ANM Resolution deprived the Company of its mining rights in respect of 50.73% of the Concession that falls within the preservation zone of the Santurbán Páramo which was established pursuant to Ministry of Environment Resolution 2090. In support of this position, the ANM Resolution cited a decision of the Colombian Constitutional Court rendered on February 8, 2016 (the "Constitutional Court Decision"), which struck down exceptions to the restrictions on mining in the Santurbán Páramo that were applicable to Eco Oro. Thus, using the Constitutional Court Decision of February 8, 2016 as a pretext, the ANM deprived the Company of its rights under the Concession as well as the returns that would have resulted from the hundreds of millions of dollars of investments that the Company has made for over two decades in reliance upon those rights.

The ANM subsequently indicated through a series of inconsistent decisions that Eco Oro may also have been prohibited from carrying out mining activities within the "restoration" zone of the Santurbán Páramo. The ANM's responses, however, did not provide 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 could 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. To date, the Colombian Government has still not completed the new delimitation of the Santurbán Páramo.

The Court noted that the new delimitation cannot provide a lesser degree of protection to the Santurbán Páramo than the original delimitation such that the new delimitation could result in more significant mining restrictions in the area of Concession 3452.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Uncertainties (continued)

Páramo ecosystem boundaries (continued)

As a consequence of these uncertainties, the relevant environmental authorities informed the Company that the Angostura project could not be licensed. Ultimately, as discussed above, Eco Oro renounced Concession 3452 in April 2019.

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. On June 1, 2019, the Company filed its Reply Memorial. On October 9, 2019, Colombia filed its Rejoinder on the Merits. On December 5, 2019, the Company filed its Rejoinder on Jurisdiction. The final hearing took place in Washington, D.C. from January 20 to 24, 2020, and on March 1, 2020, the Company filed its Post-Hearing Brief. The Company is seeking US$696 million plus interest at a rate of 6.6 percent per annum, compounded semi-annually, 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.

17. 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.

18. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. In order to maintain or adjust the capital structure, the Company has, when required, raised additional capital from shareholders. The Company has not paid dividends, nor returned capital to shareholders to date. As at December 31, 2020, 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.

(Expressed in thousands of Canadian dollars unless otherwise specified)

19. FINANCIAL INSTRUMENTS

Fair value

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

December 31, 2020		FVTPL $	Amortized cost $	FVTOCI $
Financial assets:				
ASSETS				
Cash	7,118	-	7,118	-
Accounts receivable	24	-	24	-
Financial liabilities:				
LIABILITIES				
Trade and other payables	2,666	-	2,666	-
Amounts payable on exploration and evaluation asset acquisition	802	-	802	-
Promissory notes	6,308	-	6,308	-

December 31, 2019		FVTPL $	Amortized cost $	FVTOCI $
Financial assets:				
ASSETS				
Cash	602	-	602	-
Accounts receivable	41	-	41	-
Financial liabilities:				
LIABILITIES				
Trade and other payables	7,789	-	7,789	-
Loan payable	8,518	-	8,518	-
Amounts payable on exploration and evaluation asset acquisition	855	-	855	-
Promissory notes	5,204	-	5,204	-

19. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

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

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

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

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

As at December 31, 2020 and 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.

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, loan payable 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, loan payable, 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.

Based on the financial position of the Company as at December 31, 2020, 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 $247.

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

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

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 $7,118 as at December 31, 2020, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by $71.

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

Credit risk

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

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

The total cash and accounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash with reputable financial institutions with high credit ratings. The Company's accounts receivable balance is not significant and does not represent significant credit exposure.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances to meet short and long-term business requirements.

As at December 31, 2020, all of the Company's other financial liabilities except for the promissory notes have maturities less than one year. As at December 31, 2020, the Company had cash of $7,118 in order to meet short-term operating needs.

(Expressed in thousands of Canadian dollars unless otherwise specified)

20. INCOME TAXES

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

	December 31, 2020 $	December 31, 2019 $
Loss for the year	(4,836)	(21,677)
Expected income tax (recovery)	(1,306)	(5,853)
Permanent Differences	(19)	1,186
Share issue costs	(225)	-
Change in statutory rates	57	50
Adjustment to prior years provision versus statutory tax returns	-	3
Change in unrecognized deductible temporary differences and other	1,493	4,614
	-	-

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

	December 31, 2020 $	December 31, 2019 $
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	78,266	79,095
Property and equipment	1,611	1,670
Share issue costs	1,069	1,074
Asset retirement obligation	701	735
Promissory notes	(2,557)	(2,855)
Non-capital losses	32,131	30,009
	111,221	109,728
Unrecognized deferred tax assets	(111,221)	(109,728)
Net deferred tax assets	-	-

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

	December 31, 2020	Expiry Range	December 31, 2019	Expiry Range
Temporary Differences				
Exploration and evaluation assets	289,874	No expiry date	292,945	No expiry date
Property and equipment	5,966	No expiry date	6,185	No expiry date
Share issue costs	2,227	2041 to 2044	2,283	2040 to 2043
Asset retirement obligation	2,597	No expiry date	2,721	No expiry date
Allowable capital losses	1,733	No expiry date	1,765	No expiry date
Non-capital losses available for future period	109,533	2026 to 2040	100,503	2026 to 2039