



ECO ORO MINERALS CORP.

Condensed Consolidated Interim Financial Statements

September 30, 2021

(unaudited)

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NOTICE TO READER

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

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

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

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

	As at	September 30, 2021	December 31, 2020
Note		\$	\$
ASSETS			
Current assets			
Cash		3,641	7,118
Accounts receivable		19	24
Prepaid expenses and deposits		135	91
		3,795	7,233
Non-current assets			
Plant and equipment	3	81	95
Exploration and evaluation assets	4	1	1
		82	96
TOTAL ASSETS		3,877	7,329
LIABILITIES			
Current liabilities			
Trade and other payables	5	1,161	2,056
Amounts payable on exploration and evaluation asset acquisition	6	715	802
Current portion of site restoration provision	7	8	17
		1,884	2,875
Long term liabilities			
Trade and other payables	5	729	610
Promissory notes	8	7,387	6,308
Long-term employee benefits		-	3
Site restoration provision	7	2,447	2,580
		10,563	9,501
TOTAL LIABILITIES		12,447	12,376
SHAREHOLDERS' DEFICIENCY			
Share capital	9	324,928	324,928
Contributions from shareholders	9	27,687	27,687
Contingent value rights	9	46,974	46,974
Equity reserve	9	31,942	31,942
Deficit		(403,829)	(400,079)
Accumulated other comprehensive loss		(36,272)	(36,499)
TOTAL SHAREHOLDERS' DEFICIENCY		(8,570)	(5,047)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		3,877	7,329
Nature of operations and going concern			
	1		
Commitments and contingencies			
	11		
Segmented information			
	12		

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

/s/ Courtenay Wolfe Director

/s/ Pierre Amariglio Director

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

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Note	\$	\$	\$	\$
Exploration and evaluation expenses:				
Administrative expenses	(185)	(108)	(452)	(484)
Depreciation 3	(1)	(3)	(4)	(8)
Environmental	(51)	(15)	(178)	(122)
Legal fees	(15)	(35)	(112)	(301)
Other exploration and evaluation expenses	(16)	(13)	(41)	(37)
Salaries and benefits	(78)	(161)	(726)	(566)
Surface rights	(8)	(35)	(15)	(43)
	(354)	(370)	(1,528)	(1,561)
General and administrative expenses:				
Administrative expenses	(64)	(70)	(194)	(231)
Legal and professional fees	(393)	(369)	(733)	(5,999)
Management and directors' fees	(58)	(86)	(178)	(435)
	(515)	(525)	(1,105)	(6,665)
Other income (expenses)				
Finance costs	(544)	(331)	(1,183)	(992)
Foreign exchange gain	(243)	7	(136)	36
Impairment recovery on exploration and evaluation assets	-	-	-	902
Gain on disposal of plant and equipment	154	-	154	35
Other income	13	6	49	73
	(620)	(318)	(1,116)	54
Loss for the period	(1,489)	(1,213)	(3,749)	(8,172)
Other comprehensive income				
Foreign currency translation differences for foreign operations	8	300	227	890
Total comprehensive loss	(1,481)	(913)	(3,522)	(7,282)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.03)	(0.07)
Weighted average number of common shares outstanding - basic and diluted	106,524,953	106,524,953	106,524,953	106,524,953

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

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Changes in Deficiency (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

	Note	Share capital		Contributions from shareholders	Contingent value rights	Equity reserve	Deficit	Accumulated other comprehensive income (loss)	Total
		Number of shares	Amount						
			\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2020		106,524,953	324,928	27,687	46,974	31,942	(400,079)	(36,499)	(5,047)
Loss		-	-	-	-	-	(3,750)	-	(3,750)
Other comprehensive income		-	-	-	-	-	-	227	227
Balance at September 30, 2021		106,524,953	324,928	27,687	46,974	31,942	(403,829)	(36,272)	(8,570)

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
Net loss		-	-	-	-	-	(8,172)	-	(8,172)
Other comprehensive income		-	-	-	-	-	-	890	890
Balance at September 30, 2020		106,524,953	324,928	27,687	46,974	31,942	(403,415)	(36,166)	(8,050)

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

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

	Note	For the nine months ended	
		September 30, 2021	September 30, 2020
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(3,750)	(8,172)
<i>Adjustments for items not affecting cash:</i>			
Accretion of interest of loan payable		-	32
Accretion of interest of promissory notes	8	1,077	941
Change in site restoration provision estimate		109	(17)
Depreciation	3	4	8
Impairment recovery on exploration and evaluation assets		-	(902)
Gain on disposal of plant and equipment		(154)	(35)
Unrealized foreign exchange gain		2	157
Unwinding of discount of site restoration provision	7	31	81
Change in non-cash working capital			
Accounts receivable		4	13
Prepaid expenses and deposits		(47)	711
Trade and other payables		(535)	(3,629)
Cash flow used in operating activities		(3,259)	(10,812)
INVESTING ACTIVITIES			
Proceeds on disposition of exploration and evaluation assets, net of tax and transaction costs		-	902
Proceeds on disposition of plant and equipment		154	35
Cash flow from investing activities		154	937
FINANCING ACTIVITIES			
Proceeds on issuance of contingent value rights, net of financing costs		-	22,680
Repayment of loan payable		-	(8,581)
Cash flow from financing activities		-	14,099
Effects of exchange rate changes on cash		(373)	(55)
Increase (decrease) in cash		(3,478)	4,169
Cash, beginning of period		7,118	602
Cash, end of period		3,640	4,771
SUPPLEMENTAL CASH FLOW			
Cash paid during the period for interest		-	90
Cash paid during the period for income taxes		-	-

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

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the nine months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Eco Oro Minerals Corp. (the “Company” and “Eco Oro”) is a publicly listed company incorporated under the legislation of the Province of British Columbia. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “EOM”. The Company’s registered office is located at Suite 1800 - 510 West Georgia Street, Vancouver, British Columbia, Canada. The unaudited condensed consolidated financial statements of the Company as at and for the nine months ended September 30, 2021, 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.

On September 9, 2021, the arbitral tribunal (the “Tribunal”) constituted under the auspices of the ICSID in relation to its claims against the Republic of Colombia (“Colombia”), issued a Decision on Jurisdiction, Liability and Directions on Quantum (the “Decision”) pursuant to the investment protection chapter of the Free Trade Agreement between Canada and Colombia (the “Treaty”). The Tribunal found that Colombia breached Article 805 of the Treaty in its treatment of Eco Oro’s investment in the Angostura gold and silver mining project located in northeastern Colombia (the “Angostura Project”), which the Company was pursuing in connection with Concession Contract 3452. The Decision upheld Eco Oro’s claims that Colombia breached Article 805 of the Treaty, by failing to accord fair and equitable treatment to Eco Oro’s investments in Colombia relating to the Angostura Project. The Tribunal rendered certain findings with respect to damages, but has not yet determined what compensation will be awarded to Eco Oro as a result of Colombia’s breach of the Treaty. The Tribunal has requested from the parties further submissions on damages on specific questions arising from its findings.

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)**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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the years ended December 31, 2020 and 2019 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on November 29, 2021.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted these condensed consolidated interim financial statements.

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***3. PLANT AND EQUIPMENT**

	\$
Cost	
As at December 31, 2020	118
Effect of movements in exchange rates	(11)
As at September 30, 2021	107
Depreciation	
As at December 31, 2020	(23)
Charged for the period	(4)
Effect of movements in exchange rates	1
As at September 30, 2021	(26)
Net book value	
As at December 31, 2020	95
As at September 30, 2021	81

During the nine months ended September 30, 2021, the Company disposed plant and equipment with a carrying value of \$nil (COP nil) (September 30, 2020 – \$nil (COP nil)) for cash proceeds of \$154 (COP 455,000,000) (September 30, 2020 – \$35 (COP 92,000,000)); as a result, the Company recognized a gain of disposal of \$154 (COP 455,000,000) (September 30, 2020 – \$35 (COP 92,000,000)) in the statements of loss and comprehensive loss.

4. EXPLORATION AND EVALUATION ASSETS**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

	September 30, 2021	December 31, 2020
	\$	\$
Trade payables	277	611
Accrued liabilities	331	102
Other payables	1,282	1,953
	1,890	2,666
Current	1,161	2,056
Long-term	729	610
	1,890	2,666

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***6. AMOUNTS PAYABLE ON EXPLORATION AND EVALUATION ASSET ACQUISITION**

	COP (in thousands)	\$
As at December 31, 2020	2,150,000	802
Effect of movements in exchange rates	-	(87)
As at September 30, 2021	2,150,000	715

The balance of \$715 (COP2,150,000,000) as of September 30, 2021, represents outstanding payments in relation to the Company's purchase of real property in 2009, which are currently pending until a dispute between the vendors of the property and unrelated group is settled (December 31, 2020 – \$802 (COP2,150,000,000)).

7. SITE RESTORATION PROVISION

On July 5, 2019, the Company submitted the closure plan for Concession 3452 to the local environmental authority, the CDMB, for approval, which remains pending. As a result, during the nine months ended September 30, 2021, the Company remeasured the estimated fair value of the site restoration provision pursuant to the submitted closure plan, which resulted in an increase of \$109. This increase has been charged to the environmental expenses in the statement of loss and comprehensive loss during the nine months ended September 30, 2021.

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 estimates currently provided. The following table shows the assumptions used in the calculation, for reporting purposes only:

Pre-tax risk-free discount rate	2.00%
Inflation rate	4.51%
Years of settlement	3 years

8. PROMISSORY NOTES

	US\$ (in thousands)	\$
As at December 31, 2020	4,951	6,308
Finance costs	861	1,077
Effect of movements in exchange rates	-	2
As at September 30, 2021	5,812	7,387

During the nine months ended September 30, 2021, accretion expenses of \$1,077 (US\$861,197) were recorded as finance costs with a corresponding increase in the carrying value of the liability (September 30, 2020 – \$941 (US\$694,857)).

As at September 30, 2021, the carrying value of the promissory notes is \$7,387 (US\$5,812,106) (December 31, 2020 – \$6,308 (US\$4,950,909)).

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***9. 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 September 30, 2021 and December 31, 2020, the Company had 106,524,953 common shares issued and outstanding with a value of \$324,928.

During the nine months ended September 30, 2021 and 2020, no share capital transactions occurred.

Contingent Value Rights (the "CVRs")

At of September 30, 2021 and December 31, 2020, the aggregate carrying value of the CVRs is \$46,974.

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.

No options were granted, exercised or cancelled during the nine months ended September 30, 2021 and 2020.

The following summarizes information about stock options outstanding and exercisable at September 30, 2021:

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	0.60

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***10. RELATED PARTIES****Subsidiary**

	Ownership interest at	
	September 30, 2021	December 31, 2020
	\$	\$
Eco Oro S.A.S	100%	100%

Key management personnel

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

During the nine months ended September 30, 2021 and 2020, the short-term benefits incurred for the key management personnel were \$278 and \$536, 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 nine months ended	
	September 30, 2021	September 30, 2020
	\$	\$
Canopy Capital Ltd. ("Canopy")		
Directors' fees	42	58
Croftcap Inc. ("Croftcap")		
Directors' fees	42	55
Eric T Consulting Corp.		
Professional fees	101	101
Fintec Holdings Corp. ("Fintec")		
Management fees	5	179
Quantum Advisory Partners LLP ("Quantum")		
Management and professional fees	45	85
Trexs		
Finance costs	-	32
	235	510

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

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

10. 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 former director, Blair Wallace, is a former 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 \$nil as at September 30, 2021 (December 31, 2020 – \$4).

11. COMMITMENTS AND CONTINGENCIES

Contingent Value Rights and Promissory Notes

In 2016, the company issued US\$5,527,273 of contingent value rights certificates (the "2016 CVRs") and US\$9,672,727 aggregate principal amount of promissory notes (the "2016 Notes"). The 2016 Notes bear interest at a rate of 0.025% per annum and mature on June 30, 2028.

The 2019 Private Placement was completed in two tranches on April 9, 2019 and May 31, 2019, for aggregate gross proceeds of US\$28,000,000 comprising (i) US\$13,000,000 of contingent value rights certificates (the "2019 CVRs") and (ii) US\$15,000,000 of promissory notes (the "2019 Notes"). The 2019 Notes bear interest at a rate of 0.025% per annum and mature on June 30, 2028.

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)**Contingent Value Rights and Promissory Notes (continued)**

Following completion of the 2019 Private Placement, the terms of such securities provided that the proceeds from the ICSID Arbitration ("Claim Proceeds") would be distributed in the following order of priority (in each case to the extent that the amount of Claim Proceeds is sufficient):

1. in full repayment of any accrued and unpaid default interest, fees, expenses or indemnity obligations in respect of the 2019 CVRs, the 2016 CVRs, the 2019 Notes and the 2016 Notes;
2. in full repayment of all obligations, liabilities and indebtedness (including all principal, interest, fees and other amounts) under the 2019 Notes and 2016 Notes;
3. to the holders of 2019 CVRs, the 2016 CVRs and eligible participants ("MIP Participants") in the MIP (as defined below), on a pro rata basis in accordance with their pro rata entitlement to the Claims Proceeds, in an amount equal to the lesser of (i) US\$460,000,000 and (ii) their maximum aggregate entitlements to the Claim Proceeds;
4. to the Company, US\$30,000,000;
5. to holders of the 2019 CVRs, the holders of the 2016 CVRs and the MIP Participants, on a pro rata basis in accordance with their pro rata entitlement to the Claims Proceeds, the remaining proceeds until the aggregate distributions to such persons equals their maximum aggregate entitlements to the Claim Proceeds; and
6. to the Company, the balance (if any) of the Claims Proceeds.

Pursuant to the 2020 Private Placement, the Company issued an aggregate of US\$17,984,260 of contingent value rights certificates ("2020 CVRs" and, together with the 2016 CVRs and 2019 CVRs, the "CVRs") on January 13, 2020 and February 4, 2020. Holders of the 2020 CVRs are entitled to receive an amount of money from 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. Because the 2020 Total CVR Amount will be funded by the re-direction of amounts to which the holders of 2016 CVRs and 2019 CVRs, and holders of other similar rights 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.

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.

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Management Incentive Plan (continued)

Awards under the MIP will be at the sole discretion of the Committee taking into consideration, among other things, the amount of the proceeds received from the ICSID Arbitration Claim and the time dedicated by each participant to the ICSID Arbitration Claim.

Contingencies

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

As described in note 1, the Company filed a request for arbitration ICSID against Colombia on December 9, 2016.

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.

On September 9, 2021, the Tribunal, as defined above in Section 1, issued the Decision in relation to the Company's claims against Colombia pursuant to the Treaty. The Decision upheld Eco Oro's claims that Colombia breached Article 805 of the Treaty, by failing to accord fair and equitable treatment to Eco Oro's investments in Colombia relating to the Angostura Project. The Tribunal rendered certain findings with respect to damages, but has not yet determined what compensation will be awarded to Eco Oro as a result of Colombia's breach of the Treaty. The Tribunal has requested from the parties further submissions on damages on specific questions arising from its findings.

12. 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.

13. 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 September 30, 2021, the Company considers deficiency as capital.

Eco Oro Minerals Corp.

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For the three months ended September 30, 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***13. CAPITAL MANAGEMENT (CONTINUED)**

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.

14. 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:

		FVTPL	Amortized costs	FVTOCI
	September 30, 2021	\$	\$	\$
Financial assets:				
ASSETS				
Cash	3,641	-	3,641	-
Accounts receivable	19	-	19	-
Financial liabilities:				
LIABILITIES				
Trade and other payables	1,890	-	1,890	-
Amounts payable on exploration and evaluation asset acquisition	715	-	715	-
Promissory notes	7,387	-	7,387	-
	December 31, 2020	FVTPL	Amortized costs	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	-

Eco Oro Minerals Corp.

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(Expressed in thousands of Canadian dollars unless otherwise specified)

14. 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 September 30, 2021 and December 31, 2020, 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 September 30, 2021, 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 \$600.

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

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended September 30, 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

14. 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 \$3,641 as at September 30, 2021, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$36.

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 September 30, 2021, all of the Company's other financial liabilities except for the promissory notes have maturities less than one year. As at September 30, 2021, the Company had cash of \$3,641 in order to meet short-term operating needs.