# ECO ORO MINERALS CORP.

## Management's Discussion and Analysis

## September 30, 2021

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## INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Eco Oro Minerals Corp. ("Eco Oro", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the nine months ended September 30, 2021, and the audited consolidated financial statements of the Company for the year ended December 31, 2020, which are prepared in accordance with International Financial Reporting Standards ("IFRS"), and the accompanying MD&A, all of which are available on the SEDAR website at www.sedar.com.

This MD&A is prepared as of November 29, 2021. All dollar amounts in this MD&A are expressed in thousands of Canadian dollars, unless otherwise specified. United States dollars and Colombian pesos are referred to as "US$" and "COP," respectively.

## OVERVIEW

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

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

While the Company's primary objective was historically the development of the Angostura Project, in light of Colombia's measures, the ICSID Arbitration is now the core focus of the Company.

## HIGHLIGHTS

- On January 19, 2021, Cameron Brown was appointed to the Company's board of directors (the "Board") to fill the vacancy created by the retirement of Anna Stylianides from the Board.

- During the nine months ended September 30, 2021, the Company implemented a cost reduction program, including the termination of 15 employees in Colombia. The Company may re-engage such employees as consultants on an as-needed basis.

- 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 had 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 Tribunal has requested further submissions from the parties on damages related issues and, consequently, the ICSID Arbitration remains ongoing.

- On October 14, 2021, Pierre Amariglio was appointed to the Board to fill the vacancy created by the resignation of Blair Wallace.

## ICSID ARBITRATION

### Status of the ICSID Arbitration

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

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

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 constituted under the auspices of the ICSID in relation to its claims against the Colombia pursuant to the investment protection chapter of the Treaty issued the Decision. This Decision upheld Eco Oro's claims that Colombia had 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.

## OUTLOOK

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

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

- to advance the ICSID Arbitration;
- to continue to assess the Company's activities, including monetization of certain of the Company's assets (including the potential disposition of assets, plant and equipment acquired for the Project) and cost-reduction to support the preservation of its core assets and rights, in an effort to mitigate losses;
- to carefully manage its cash resources;

*(Expressed in thousands of Canadian dollars unless otherwise specified)*

- to continue to assess the Company's mining titles and related ongoing regulatory requirements; and
- the protection of its rights and interests in Colombia.

## 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.

On July 5, 2019, the Company submitted a closure plan related to 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. The Colombian authorities have not yet made a final determination with respect to the closure plan.

## RESULTS OF OPERATIONS

### Selected Financial Information

| | For the nine months ended | | |
|---|---|---|---|
| | September 30, 2021 | September 30, 2020 | September 30, 2019 |
| | $ | $ | $ |
| Exploration and evaluation expenses | 1,528 | 1,561 | 2,271 |
| General and administrative expenses | 1,105 | 6,665 | 10,291 |
| Other expenses (income) | 1,116 | (54) | 6,901 |
| Net loss | (3,749) | (8,172) | (19,463) |
| Total comprehensive loss | (3,522) | (7,282) | (18,692) |
| Basic and diluted loss per share | (0.03) | (0.07) | (0.17) |

| As at | September 30, 2021 | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| | $ | $ | $ |
| Working capital | 1,911 | 4,358 | (13,757) |
| Total assets | 3,877 | 7,329 | 1,643 |
| Total liabilities | 12,447 | 12,376 | 25,091 |
| Share capital | 324,928 | 324,928 | 324,928 |
| Deficit | (403,829) | (400,079) | (395,243) |

The decrease in working capital during the nine months ended September 30, 2021 is mainly due to the cash used in operating activities. The increase in total assets and decrease in total liabilities during the year ended December 31, 2020 is mainly due to the completion of a US$17,984,260 private placement completed on February 4, 2020 (the

*(Expressed in thousands of Canadian dollars unless otherwise specified)*

"2020 Private Placement") and the repayment of a US$6,500,000 bridge loan (the "2019 Bridge Loan"), including interest of US$69,164, from Trexs Investments, LLC ("Trexs"). The decrease in loss and comprehensive loss during the nine months ended September 30, 2021 is mainly due to the decrease in legal fees and other professional fees associated with Colombian regulatory compliance and legal advice provided in relation to the ICSID Arbitration. The Company has no operating revenue and relies primarily on financing activities to fund its activities. There have been no distributions or cash dividends declared for the periods presented.

### Summary of Quarterly Results

The following table summarizes the Company's results of operations for the last eight quarters:

| | Three months ended | | | |
|---|---|---|---|---|
| | September 30, 2021<br>$ | June 30, 2021<br>$ | March 31, 2021<br>$ | December 31, 2020<br>$ |
| Exploration and evaluation expenses | 354 | 532 | 642 | 279 |
| General and administrative expenses | 515 | 312 | 278 | 270 |
| Other expenses (income) | 620 | 258 | 238 | (3,885) |
| Net income (loss) | (1,489) | (1,102) | (1,158) | 3,336 |
| Basic and diluted earnings (loss) per share | (0.01) | (0.01) | (0.01) | 0.03 |

| | Three months ended | | | |
|---|---|---|---|---|
| | September 30, 2020<br>$ | June 30, 2020<br>$ | March 31, 2020<br>$ | December 31, 2019<br>$ |
| Exploration and evaluation expenses | 370 | 390 | 801 | (1,850) |
| General and administrative expenses | 525 | 289 | 5,851 | 3,942 |
| Other expenses (income) | 318 | 326 | (698) | 122 |
| Net income (loss) | (1,213) | (1,005) | (5,954) | (2,214) |
| Basic and diluted earnings (loss) per share | (0.01) | (0.01) | (0.05) | (0.02) |

Except for the change in environmental expenses during the three months ended December 31, 2020 and 2019 due to the submitted closure plan, the Company's exploration and evaluation expenditures have remained at relatively constant levels in the past eight quarters, due to cost reduction initiatives implemented in 2021 and 2017. The Company's exploration and evaluation expenditures are mainly related to the ongoing administrative costs incurred in Colombia.

General and administrative expenses include the ongoing administrative costs incurred in Canada to provide support related to the Company's operations and the arbitration. The general and administrative expenses remain constant from the second quarter of 2020 to the third quarter of 2021. The additional general and administrative expenses incurred in the third quarter of 2021 and 2020 was mainly related to the legal fees incurred for arbitration. The expenses incurred from the fourth quarter of 2019 to the first quarter of 2021 were mainly related to the arbitration expenses.

*(Expressed in thousands of Canadian dollars unless otherwise specified)*

"Other expenses (income)" mainly consists of finance costs, foreign exchange gain, gain on disposal of plant and equipment, recovery on exploration and evaluation assets, gain on modification of convertible notes.

**Financial Performance for the three months and nine months ended September 30, 2021 and 2020**

During the three months ended September 30, 2021, the Company incurred a net loss of $1,489 representing in increase of $276 compared to a net loss of $1,213 during the three months ended September 30, 2020.

The increase in net loss during the three months ended September 30, 2021, is primarily due to the increase in finance costs and the foreign exchange loss.

During the nine months ended September 30, 2021, the Company incurred a net loss of $3,749 representing a decrease of $4,423 compared to a net loss of $8,172 during the nine months ended September 30, 2020.

The decrease in net loss during the nine months ended September 30, 2021, is primarily due to the decrease in the legal fees and other professional fees associated with Colombian regulatory compliance and legal advice provided in relation to the ICSID Arbitration which was partially offset by the increase in finance costs.

***Exploration and evaluation expenses***

The following table summarizes the Company's exploration and evaluation expenses for the relevant periods:

| | For the three months ended | | | For the nine months ended | | |
|---|---|---|---|---|---|---|
| | September 30, 2021 $ | September 30, 2020 $ | Change $ | September 30, 2021 $ | September 30, 2020 $ | Change $ |
| Administrative expenses | 185 | 108 | 77 | 452 | 484 | (32) |
| Depreciation | 1 | 3 | (2) | 4 | 8 | (4) |
| Environmental | 51 | 15 | 36 | 178 | 122 | 56 |
| Legal fees | 15 | 35 | (20) | 112 | 301 | (189) |
| Other exploration and evaluation expenses | 16 | 13 | 3 | 41 | 37 | 4 |
| Salaries and benefits | 78 | 161 | (83) | 726 | 566 | 160 |
| Surface rights | 8 | 35 | (27) | 15 | 43 | (28) |
| | **354** | **370** | **(16)** | **1,528** | **1,561** | **(33)** |

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

***Legal fees*** are mainly related to the Company's operations and the ICSID Arbitration.

***Salaries and benefits*** are the salaries paid to the employees in Colombia to provide support related to the Company's operations and the ICSID Arbitration. The increase in salaries and benefits is mainly related to the severance payments made to the terminated employees according to the cost reduction program initiated during the nine months ended September 30, 2021.

***General and administrative expenses***

The following table summarizes the Company's general and administrative expenses for the relevant periods:

*(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 $ | Change $ | September 30, 2021 $ | September 30, 2020 $ | Change $ |
| Administrative expenses | 64 | 70 | (6) | 194 | 231 | (37) |
| Legal and professional fees | 393 | 369 | 24 | 733 | 5,999 | (5,266) |
| Management and directors' fees | 58 | 86 | (28) | 178 | 435 | (257) |
| | **515** | **525** | **(10)** | **1,105** | **6,665** | **(5,560)** |

***Legal fees and other professional fees*** were primarily associated with Colombian regulatory compliance and legal advice provided in relation to the ICSID Arbitration. The increase in legal and professional fees during the three months ended September 30, 2021 is mainly due to the legal advice related the ongoing cost reduction program initiated in the early of Year 2021 and the legal fees incurred related for arbitration. The decrease during the nine months ended September 30, 2021 is mainly related to the decrease in legal and professional fees related to the ICSID Arbitration as the hearing was completed in January 2020 and the Post-Hearing Brief was filed on March 1, 2020.

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

***Other expenses (income)***

The following table summarizes the Company's other expenses (income) for the relevant periods:

| | For the three months ended | | | For the nine months ended | | |
|---|---|---|---|---|---|---|
| | September 30, 2021 $ | September 30, 2020 $ | Change $ | September 30, 2021 $ | September 30, 2020 $ | Change $ |
| Finance costs | 544 | 331 | 213 | 1,183 | 992 | 191 |
| Foreign exchange loss (gain) | 243 | (7) | 250 | 136 | (36) | 172 |
| Impairment recovery on exploration and evaluation assets | - | - | - | - | (902) | 902 |
| Gain on disposal of plant and equipment | (154) | - | (154) | (154) | (35) | (119) |
| Other income | (13) | (6) | (7) | (49) | (73) | 24 |
| | **620** | **318** | **302** | **1,116** | **(54)** | **1,170** |

***Finance costs*** were primarily related to the interest expenses of the promissory notes.

***Foreign exchange loss (gain)*** is primarily a result of the translation of the Company's U.S. cash and US$-denominated loans into Canadian dollars.

***Gain on disposal of plant and equipment***
Gain on disposal of plant and equipment was primarily related to the proceeds from the disposition of the plant and equipment in Colombia which were impaired to $nil during the year ended December 31, 2016.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had working capital of $1,911 (December 31, 2020 –$$4,358) including cash of $3,641 (December 31, 2020 – $7,118).

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.

## COMMITMENTS, CONTRACTUAL OBLIGATIONS & 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.

In 2019, the Company completed a private placement (the "2019 Private Placement") 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.

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.

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.

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

### 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 as 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.

## OUTSTANDING SHARE DATA

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

As of September 30, 2021 and December 31, 2020, the Company had 106,524,953 common shares issued and outstanding.

As at the date of this MD&A, the Company had:
- 106,524,953 common shares issued and outstanding; and
- 1,480,000 stock options with exercise prices of $0.49 per option outstanding.

## FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 14 and note 19 of our unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2021 and audited consolidated financial statements for the year ended December 31, 2020, respectively. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended December 31, 2020.

## SUBSEQUENT EVENT

- None

## RELATED PARTIES

### 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.

*(Expressed in thousands of Canadian dollars unless otherwise specified)*

### 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.

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).

## CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2020 for a more detailed discussion of the critical accounting estimates and judgments.

## NEW ACCOUNTING STANDARDS

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

## OFF-BALANCE SHEET FINANCING ARRANGEMENTS

As of September 30, 2021 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

## PROPOSED TRANSACTIONS

No transactions are proposed.

## RISKS AND UNCERTAINTIES

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

There can be no certainty that the Company will receive any Claim Proceeds or, if the Company does receive any Claim Proceeds, that any portion of such Claims Proceeds will be available for distribution to the Company following distribution of such Claims Proceeds to the holders of the CVRs and the holders of the 2016 Notes and 2019 Notes as described under the heading "Commitments, Contractual Obligations & Contingencies – Contingent Value Rights and Promissory Notes".

## FORWARD-LOOKING STATEMENTS

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

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The primary factors that could cause results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements relate to the outcome and timing of the ICSID Arbitration, and the magnitude of the tax liability, if any, pertaining thereto. There can be no certainty that the Company will receive any Claim Proceeds or, if the Company does receive any Claim Proceeds, that any portion of such Claims Proceeds will be available for distribution to the Company following distribution of such Claims Proceeds to the holders of the CVRs and the holders of the 2016 Notes and 2019 Notes as described under the heading "Commitments, Contractual Obligations & Contingencies – Contingent Value Rights and Promissory Notes".

Other risks could cause results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements includes risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict the Company's operations; risks relating to all the Company's properties being located in Colombia, including political, economic and regulatory instability; accidents, labour disputes and other risks of the mining industry; as well as those factors discussed in the section entitled "Risk and Uncertainties" above.

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