



ECO ORO MINERALS CORP.

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

Table of Contents

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.....	21
6. Amounts payable on exploration and evaluation asset acquisition	22
7. Promissory notes.....	23
8. Site restoration provision	23
9. Deficiency	24
10. Finance costs	25
11. Related parties	26
12. Commitments and contingencies.....	27
13. Segmented information	29
14. Capital management	30
15. Financial instruments	30
16. Income taxes	33

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, 2022 and 2021, 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, 2022 and 2021, 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 audit 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 audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a working capital deficiency of \$2,374 and accumulated deficit of \$410,381. During the year ended December 31, 2022, the Company reported a loss of \$5,920 and cash used in operating activities of \$2,146. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Dispute between the Company and the Government of Colombia under Canada-Colombia Free Trade Agreement

As described in Note 1 and 12 of the consolidated financial statements, the Company is awaiting an arbitral tribunal's decision pertaining to damages in its arbitration claim (the "Claim") against the Colombian National Mining Agency.



The principal considerations for our determination that the assessment of the status of the Claim is a key audit matter is that there is significant judgement applied by management, in consultation with their legal counsel, as to the probability of a successful outcome, and an ability to reasonably estimate the amount of the settlement. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgements made by management in their assessment of the status of the Claim at December 31, 2022.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of management's internal controls and processes related to preparing financial statement disclosures related to the Claim;
- Obtaining written representations from management that the accounting and disclosures related to the Claim in the consolidated financial statements are complete and accurate;
- Obtaining written confirmation from the Company's legal counsel of the status of the Claim;
- Reviewing correspondence from relevant regulatory agencies;
- Reviewing the minutes of meetings of directors held during and after the year being audited;
- Performing test of details over available information relating to the procedural process of the Claim to corroborate management's analysis of the Claim;
- Examining the disclosures in the financial statements in conjunction with the requirements or the relevant standards.

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:

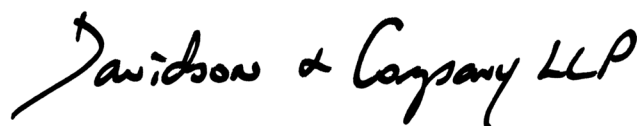
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

May 1, 2023

Eco Oro Minerals Corp.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars unless otherwise specified)

	As at	December 31,	December 31,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash		948	3,098
Accounts receivable		23	20
Prepaid expenses and deposits		94	107
		1,065	3,225
Non-current assets			
Plant and equipment	3	63	75
Exploration and evaluation assets	4	1	1
		64	76
TOTAL ASSETS		1,129	3,301
LIABILITIES			
Current liabilities			
Trade and other payables	5	3,277	1,345
Amounts payable on exploration and evaluation asset acquisition	6	162	674
		3,439	2,019
Non-current liabilities			
Promissory notes	7	10,290	7,785
Site restoration provision	8	2,054	2,524
		12,344	10,309
TOTAL LIABILITIES		15,783	12,328
SHAREHOLDERS' EQUITY			
Share capital	9	324,928	324,928
Contribution from shareholders	9	27,687	27,687
Contingent value rights	9	46,974	46,974
Equity reserves	9	31,942	31,942
Deficit		(410,381)	(404,461)
Accumulated other comprehensive loss		(35,804)	(36,097)
TOTAL SHAREHOLDERS' EQUITY		(14,654)	(9,027)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,129	3,301
Nature of operations and going concern	1		
Commitments and contingencies	12		
Segmented information	13		
Subsequent events	6		

These consolidated 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

Eco Oro Minerals Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of Canadian dollars unless otherwise specified)

	Note(s)	For the years ended	
		December 31, 2022	December 31, 2021
		\$	\$
Exploration and evaluation (expenses) recovery			
Administrative expenses		(333)	(518)
Depreciation	3	(5)	(5)
Environmental	8	200	(405)
Legal fees		(165)	(164)
Other exploration and evaluation expenses		(44)	(50)
Salaries and benefits		(322)	(810)
Surface rights		(12)	(16)
Total exploration and evaluation expenses		(681)	(1,968)
General and administrative expenses			
Administrative expenses		(266)	(267)
Legal and professional fees		(2,783)	(1,575)
Management and directors' fees		(220)	(232)
Total general and administrative expenses		(3,269)	(2,074)
Other income (expenses)			
Finance costs	10	(1,911)	(671)
Foreign exchange loss		(490)	(132)
Gain on settlement	6	384	-
Gain on disposal of plant and equipment	3	-	154
Other income		47	309
Total other income (expenses)		(1,970)	(340)
Loss for the year		(5,920)	(4,382)
Other comprehensive income			
Foreign currency translation differences for foreign operations		293	402
Total comprehensive loss		(5,627)	(3,980)
Loss per share - basic and diluted		(0.06)	(0.04)
Weighted average number of common shares outstanding		106,524,953	106,524,953
- basic and diluted			

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

Eco Oro Minerals Corp.

Consolidated Statements of Changes in Deficiency

(Expressed in thousands of Canadian dollars unless otherwise specified)

	Note(s)	Share capital		Contribution from shareholder	Contingent value rights	Equity reserves	Deficit	Accumulated other comprehensive loss	TOTAL
		#	\$	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2021		106,524,953	324,928	27,687	46,974	31,942	(404,461)	(36,097)	(9,027)
Loss and comprehensive loss		-	-	-	-	-	(5,920)	293	(5,627)
Balance as of December 31, 2022		106,524,953	324,928	27,687	46,974	31,942	(410,381)	(35,804)	(14,654)

Balance as of December 31, 2020		106,524,953	324,928	27,687	46,974	31,942	(400,079)	(36,499)	(5,047)
Loss and comprehensive loss		-	-	-	-	-	(4,382)	402	(3,980)
Balance as of December 31, 2021		106,524,953	324,928	27,687	46,974	31,942	(404,461)	(36,097)	(9,027)

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

Eco Oro Minerals Corp.

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars unless otherwise specified)

		For the years ended	
		December 31, 2022	December 31, 2021
	Note(s)	\$	\$
Cash flow from (used in)			
OPERATING ACTIVITIES			
Loss for the year		(5,920)	(4,382)
Accretion of interest of promissory notes	7	1,911	1,480
Change in site restoration provision estimate	8	(296)	323
Depreciation	3	5	5
Gain on disposal of plant and equipment	3	-	(154)
Gain on settlement	6	(384)	-
Unwinding of discount of site restoration provision	8	75	43
Effects of currency exchange rate changes		594	(2)
Net changes in non-cash working capital items:			
Accounts receivable		(3)	2
Prepaid expenses		11	(21)
Trade and other payables		1,961	(1,051)
Amounts payable on exploration and evaluation asset acquisition		(100)	-
Cash flow used in operating activities		(2,146)	(3,757)
INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment	3	-	154
Cash flow provided by investing activities		-	154
Effects of exchange rate changes on cash		(4)	(417)
Decrease in cash		(2,150)	(4,020)
Cash, beginning of year		3,098	7,118
Cash, end of year		948	3,098
Supplemental cash flow information			
Cash paid for income taxes		-	-
Cash paid for interest		-	-

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

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 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 audited consolidated financial statements of the Company as at and for the year ended December 31, 2022, are comprised of the accounts of the Company, its Colombian branch and its subsidiary. 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 signed on November 21, 2008 (the “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 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 Colombia, issued a Decision on Jurisdiction, Liability and Directions on Quantum (the “Decision”) pursuant to the investment protection chapter of the Free Trade Agreement. The Tribunal found that Colombia breached Article 805 of the Treaty in its treatment of Eco Oro’s investment in 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 Free Trade Agreement, 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 damages caused to Eco Oro as a result of Colombia’s breach of the Free Trade Agreement. The Tribunal has requested from the parties further submissions on damages on specific questions arising from its findings. The Company filed its first submission in response to the Tribunal’s questions on January 14, 2022, Colombia filed its first submission on May 23, 2022, and the Company and Colombia filed its second submission on July 7, 2022 and August 22, 2022, respectively, in accordance with the procedural order from the Tribunal.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Going concern

At December 31, 2022, the Company had working capital deficiency of \$2,374 (December 31, 2021 – \$1,206) and accumulated deficit of \$410,381 (December 31, 2021 – \$404,461). During the year ended December 31, 2022, the Company reported a comprehensive loss of \$5,627 (December 31, 2021 – \$3,980) and cash used in operating activities of \$2,146 (December 31, 2021 – \$3,757).

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 Company's ability to continue operations and fund future business activities is dependent on management's ability to secure additional financing. There are no assurances that the Company will be successful in its efforts to secure additional financing in the future as required. These matters result in material uncertainties which may cast significant doubt on whether the Company will continue as a going concern. 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.

Financial Reporting and Disclosure during Economic Uncertainty

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company's operating performance, financial position and the Company's ability to raise funds at this time.

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") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of December 31, 2022.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on April 27, 2023.

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.

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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

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

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.

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 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, 2022 and 2021, 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.

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

Use of estimates (continued)

- **Site restoration provision**

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.

- **Recovery of deferred tax assets**

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.

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**

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

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. The functional currency of the Colombian branch is Colombian peso. The functional currency is determined based on the primary economic environment in which each entity operates.

- **Commitments and Contingencies**

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.

- **Foreign currency transactions**

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency of the Company are translated to Canadian dollars at appropriate average rates of exchange during the year and are included in other comprehensive income (loss). The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation’s assets and liabilities to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

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, 2022 and 2021, 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 at December 31, 2022 and 2021, 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 at December 31, 2022 and 2021, the Company has no financial assets classified as FVTOCI.

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 at December 31, 2022 and 2021, the Company has classified its cash and accounts receivable as amortized cost.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

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 of December 31, 2022 and 2021, the Company has classified its trade and other payables, amounts payable on exploration and evaluation asset acquisition, and promissory notes as other financial liabilities.

Refer to Note 15 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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

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.

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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

*(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)**

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.

- New accounting standards**

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these consolidated financial statements.

3. PLANT AND EQUIPMENT

	\$
COST	
As of December 31, 2020	119
Effect of movements on exchange rates	(17)
As of December 31, 2021	102
ACCUMULATED DEPRECIATION	
As of December 31, 2020	(24)
Addition	(5)
Effect of movements on exchange rates	2
As of December 31, 2021	(27)
Net book value as of December 31, 2021	75
COST	
As of December 31, 2021	102
Effect of movements on exchange rates	(14)
As of December 31, 2022	88
ACCUMULATED DEPRECIATION	
As of December 31, 2021	(27)
Addition	(5)
Effect of movements on exchange rates	7
As of December 31, 2022	(25)
Net book value as of December 31, 2022	63

During the year ended December 31, 2021, the Company disposed plant and equipment with a carrying value of \$nil (COP nil) for cash proceeds of \$154 (COP 455,000,000); as a result, the Company recognized a gain of disposal of \$154 (COP 455,000,000) in the statements of loss and comprehensive loss.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

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.

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 settlement of accounts of Concession 3452 was finalized on December 30, 2020. Separately, 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. In March 2022, the CDMB issued a technical report making certain observations, recommendations, and findings with respect to the closure plan for Concession 3452. On June 30, 2022, the Company provided a written response to the CDMB's technical report. This technical report is not a final determination from the CDMB on the closure plan submitted by the Company, which is still due.

5. TRADE AND OTHER PAYABLES

	December 31, 2022	December 31, 2021
	\$	\$
Trade payables	1,910	655
Accrued liabilities	1,367	479
Other payables	-	211
	3,277	1,345

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

	December 31, 2022		December 31, 2021	
	COP ('000)	CA\$	COP ('000)	CA\$
Balance, opening	2,150,000	674	2,150,000	802
Payment	(324,240)	(91)	-	-
Gain on settlement	(1,246,760)	(384)	-	-
Effect of movements on exchange rates	-	(37)	-	(128)
Balance, closing	579,000	162	2,150,000	674

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.

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.

On October 20, 2022, the Company was served with a court-ordered claim by the vendors of Las Puentes property demanding the final two instalment payments COP2,150,000,000 plus interest and a compensation for the non-compliance of the purchase agreement on the basis that the vendors previous title dispute had been recently settled by the courts. On October 27, 2022, the Company filed a motion for reconsideration arguing that the amount of the claim should not include interest and compensation and that the Company had legal basis under the purchase agreement to retain the final two instalment payments.

Notwithstanding it was pending the Court to decide the Company's motion for reconsideration, on December 5, 2022, the Company signed a settlement agreement (the "Las Puentes Property Agreement") with the vendors to settle the dispute over the rights and obligations derived from the purchase and sale contract dated June 17, 2009, on the Las Puentes Property, including the scope and content of the rights and obligations that may have arisen from the second instance decision of the Superior Court of Bucaramanga. According to the "Las Puentes Property Agreement, the Company agreed to transfer the title and rights over the Las Puentes Property and make a payment of COP903,240,000, of which COP324,240,000 and \$579,000,000 was paid during the year ended December 31, 2022, and subsequent to December 31, 2022, respectively, to the vendors.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

As a result of the settlement, the Company recognized a gain on settlement with an amount of \$384 (COP1,246,760,000) during the year ended December 31, 2022.

7. PROMISSORY NOTES

The Company issued promissory notes with a total principal amount of US\$24,672,727 which bear interest at a rate of 0.025% per annum and mature on June 30, 2028 (Note 12). 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%.

	December 31, 2022		December 31, 2021	
	US\$ (in thousands)	CA\$	US\$ (in thousands)	CA\$
Opening	6,131	7,785	4,951	6,308
Accretion of interest of promissory notes	1,469	1,911	1,180	1,480
Effect of movements on exchange rates	-	594	-	(3)
Ending	7,600	10,290	6,131	7,785

During the year ended December 31, 2022, accretion expenses of \$1,911 (US\$1,468,510) (December 31, 2021 – \$1,480 (US\$1,180,495)) were recorded as finance costs with a corresponding increase in the carrying value of the liability.

As at December 31, 2022, the carrying value of the promissory notes is \$10,290 (US\$7,599,914) (December 31, 2021 – \$7,785 (US\$6,131,404)).

As at December 31, 2022, the face value of the promissory notes is \$33,439 (US\$24,695,293) (December 31, 2021 – \$31,198 (US\$24,689,121)).

8. SITE RESTORATION PROVISION

	December 31, 2022	December 31, 2021
	\$	\$
Opening	2,524	2,597
Increase (decrease) in liability due to changes in estimate	(296)	323
Unwinding of discount	75	43
Effect of movements on exchange rates	(249)	(439)
Ending	2,054	2,524
Undiscounted liability for site restoration	1,955	2,189

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

8. SITE RESTORATION PROVISION (CONTINUED)

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

	For the years ended	
	December 31, 2022	December 31, 2021
	\$	\$
Pre-tax risk-free discount rate	12.00%	3.00%
Inflation rate	13.12%	5.62%
Years of settlement	3	4
Anticipated closure date	January 1, 2026	January 1, 2026

The anticipated closure date is 3 years after the date of approval of the closure plan. The estimated closure date is a notion which is based on an estimate from the Company for accounting purposes, which is not to be construed as a fixed deadline.

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, 2022 and 2021, 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 \$296 and an increase of \$323, respectively and recorded as environmental expenses in the statements of loss and comprehensive loss.

As of December 31, 2021, the submitted closure plan is pending for approval. In March 2022, the CDMB issued a technical report making certain observations, recommendations, and findings with respect to the closure plan for Concession 3452. The report is currently under review by the Company. This technical report is not a final determination from the CDMB on the closure plan submitted by the Company (Note 4).

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.

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 December 31, 2022 and 2021, the Company had 106,524,953 common shares issued and outstanding with a value of \$324,928.

During the years ended December 31, 2022 and 2021, no share capital transactions occurred.

Contingent Value Rights (the "CVRs") (Note 12)

As of December 31, 2022 and 2021, the carrying value of the CVRs is \$46,974.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***9. 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, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	Number outstanding	Weighted average exercise price (\$)	Number outstanding	Weighted average exercise price (\$)
Balance, opening	1,480,000	0.49	1,480,000	0.49
Expired	(1,480,000)	0.49	-	-
Balance, closing	-	-	1,480,000	0.49

During the year ended December 31, 2022, 1,480,000 option expired, unexercised (December 31, 2021 – nil).

10. FINANCE COSTS

	For the years ended	
	December 31, 2022	December 31, 2021
	\$	\$
Colombian fiscal obligations	-	(809)
Accretion of interest of promissory notes (Note 7)	1,911	1,480
	1,911	671

- (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 (collectively the “Assessed Amount”), with respect to the reassessment of applicable deductions. The Company entered into an agreement with the authority (the “Authority”) to settle the Assessed Amount over three years. During the year ended December 31, 2021, the Authority agreed to reduce the Assessed Amount by \$856 (COP2,719,932,184); as a result of the reduction, the Company recognized \$856 to the statement of loss and comprehensive loss as a recovery of finance costs.
- (2) The amount included the recovery of \$856.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

11. RELATED PARTIES

Subsidiaries

	Ownership interest at	
	December 31, 2022	December 31, 2021
	\$	\$
Eco Oro S.A.S	100%	100%
Eco Oro Services Corp.	100%	100%

Eco Oro Services Corp. was incorporated on May 27, 2021 under the laws of British Columbia.

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, 2022 and 2021, the short-term benefits incurred for the key management personnel were \$354 and \$367, 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 years ended	
	December 31, 2022	December 31, 2021
	\$	\$
Canopy Capital Ltd. ("Canopy")		
Directors' fees	53	56
Croftcap Inc. ("Croftcap")		
Directors' fees	53	56
Eric T Consulting Corp.		
Professional fees	135	135
Fintec Holdings Corp. ("Fintec")		
Management fees	0	5
Quantum Advisory Partners LLP ("Quantum")		
Management and professional fees	60	60
TOTAL	301	312

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

11. RELATED PARTIES (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.

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 \$28 as at December 31, 2022 (December 31, 2021 – \$nil).

12. COMMITMENTS AND CONTINGENCIES

Contingent Value Rights and Promissory Notes

In 2016, the company issued US\$5,527,273 CVRs (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.

During the year ended December 31, 2019, the Company completed a financing (the "2019 Private Placement") 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 CVRs (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 (Note 7).

During the year ended December 31, 2020, the Company issued an aggregate of US\$17,984,260 CVRs (the "2020 CVRs"). Holders of the 2020 CVRs are entitled to receive an amount of money from the ICSID Arbitration Claim ("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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Following completion of the 2020 Private Placement, the terms of such securities provided that the proceeds from 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. in full repayment of all obligations, liabilities and indebtedness (including all principal, interest, fees and other amounts) under the 2020 CVRs;
4. 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;
5. to the Company, US\$30,000,000;
6. 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
7. to the Company, the balance (if any) of the Claims Proceeds.

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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 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.

On September 9, 2021, the Tribunal, as defined above in note 1, issued the Decision in relation to the Company's claims against Colombia pursuant to the Free Trade Agreement. The Decision upheld Eco Oro's claims that Colombia breached Article 805 of the Free Trade Agreement, 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 damages caused to Eco Oro as a result of Colombia's breach of the Free Trade Agreement. The Tribunal has requested from the parties' further submissions on damages on specific questions arising from its findings. The Company filed its first submission in response to the Tribunal's questions on January 14, 2022, Colombia filed its first submission on May 23, 2022, and the Company and Colombia filed its second submission on 7 July 2022 and August 22, 2022, respectively, in accordance with the procedural order from the Tribunal.

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.

13. 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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***14. 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, 2022, 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.

15. 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, 2022		Amortized costs	
	\$	FVTPL \$	\$	FVTOCI \$
FINANCIAL ASSETS				
ASSETS				
Cash	948	-	948	-
Accounts receivable	23	-	23	-
FINANCIAL LIABILITIES				
LIABILITIES				
Trade and other payables	(3,277)	-	(3,277)	-
Amounts payable on exploration and evaluation asset acquisition	(162)	-	(162)	-
Promissory notes	(10,290)	-	(10,290)	-

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***15. FINANCIAL INSTRUMENTS (CONTINUED)****Fair value (continued)**

	December 31, 2021 \$	FVTPL \$	Amortized costs \$	FVTOCI \$
FINANCIAL ASSETS				
ASSETS				
Cash	3,098	-	3,098	-
Accounts receivable	20	-	20	-
FINANCIAL LIABILITIES				
LIABILITIES				
Trade and other payables	(1,345)	-	(1,345)	-
Amounts payable on exploration and evaluation asset acquisition	(674)	-	(674)	-
Promissory notes	(7,785)	-	(7,785)	-

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, 2022 and 2021, 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.

Financial risk management**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, site restoration provision, and promissory notes. The Company currently does not have any financial instruments that are significantly impacted by commodity price risk.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars unless otherwise specified)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, accounts receivable, trade and other payables, amounts payable on exploration and evaluation asset acquisition, and promissory notes are held in CAD, USD and COP; therefore, USD and COP accounts are subject to fluctuation against the Canadian dollar.

Based on the financial position of the Company as at December 31, 2022, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and COP by 10% would increase/decrease comprehensive loss by \$1,270.

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash earns interest at various short-term rates. The Company's future interest income is exposed to changes in these short-term rates. Based on the total of the Company's cash of \$948 as at December 31, 2022, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$9.

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

Credit risk

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

The Company's cash is held through large Canadian and Colombian 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.

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***15. FINANCIAL INSTRUMENTS (CONTINUED)****Financial risk management (continued)****Liquidity risk**

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

As at December 31, 2022, all of the Company's other financial liabilities except for the promissory notes have maturities less than one year. As at December 31, 2022, the Company had cash of \$948 in order to meet short-term operating needs.

16. INCOME TAXES

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

	December 31, 2022	December 31, 2021
	\$	\$
Loss for the year	(5,920)	(4,382)
Expected income tax (recovery)	(1,598)	(1,183)
Change in statutory rates	60	(211)
Permanent differences	(5)	-
Adjustment to prior years provision versus statutory tax returns	99	(747)
Change in unrecognized deductible temporary differences and other	1,444	2,141
	-	-

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, 2022	December 31, 2021
	\$	\$
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	78,927	78,784
Property and equipment	1,578	1,575
Share issue costs	171	386
Asset retirement obligation	555	681
Promissory notes	(708)	(1,384)
Allowable capital losses	460	460
Non-capital losses	33,823	32,860
	114,806	113,362
Unrecognized deferred tax assets	(114,806)	(113,362)
Net deferred tax assets	-	-

Eco Oro Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

*(Expressed in thousands of Canadian dollars unless otherwise specified)***16. INCOME TAXES (CONTINUED)**

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, 2022	Expiry Range	December 31, 2021	Expiry Range
Temporary Differences				
Exploration and evaluation assets	292,324	No expiry date	291,794	No expiry date
Property and equipment	5,844	No expiry date	5,832	No expiry date
Share issue costs	633	2042 to 2044	1,430	2041 to 2044
Asset retirement obligation	2,054	No expiry date	2,524	No expiry date
Allowable capital losses	1,702	No expiry date	1,702	No expiry date
Non-capital losses available for future period	125,270	2026 to 2042	121,702	2026 to 2041