



ECO ORO MINERALS CORP.

Condensed Consolidated Interim Financial Statements

March 31, 2023

(unaudited)

Table of Contents

Condensed Consolidated Interim Statements of Financial Position (unaudited)	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)	5
Condensed Consolidated Interim Statements of Changes in Deficiency (unaudited)	6
Condensed Consolidated Interim Statements of Cash Flows (unaudited)	7
Notes to Condensed Consolidated Interim Financial Statements (unaudited)	8
1. Nature of operations and going concern	8
2. Significant accounting policies and basis of preparation	9
3. Plant and equipment	10
4. Exploration and evaluation assets	10
5. Trade and other payables	10
6. Amounts payable on exploration and evaluation asset acquisition	11
7. Promissory notes	11
8. Site restoration provision	12
9. Deficiency	12
10. Related parties	13
11. Commitments and contingencies	15
12. Segmented information	17
13. Capital management	17
14. Financial instruments	17

Notice to Reader

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

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

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

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

	As at	March 31,	December 31,
	Note(s)	2023	2022
		\$	\$
ASSETS			
Current assets			
Cash		321	948
Accounts receivable		16	23
Prepaid expenses and deposits		293	94
		630	1,065
Non-current assets			
Plant and equipment	3	64	63
Exploration and evaluation assets	4	1	1
		65	64
TOTAL ASSETS		695	1,129
LIABILITIES			
Current liabilities			
Trade and other payables	5	3,281	3,277
Amounts payable on exploration and evaluation asset acquisition	6	-	162
		3,281	3,439
Non-current liabilities			
Promissory notes	7	10,847	10,290
Site restoration provision	8	2,206	2,054
		13,053	12,344
TOTAL LIABILITIES		16,334	15,783
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		(411,272)	(410,381)
Accumulated other comprehensive loss		(35,898)	(35,804)
TOTAL SHAREHOLDERS' EQUITY		(15,639)	(14,654)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		695	1,129
Nature of operations and going concern	1		
Commitments and contingencies	11		
Segmented information	12		

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

/s/ Courtenay Wolfe Director

/s/ Pierre Amariglio Director

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

		For the three months ended	
		March 31,	March 31,
		2023	2022
	Note(s)	\$	\$
Exploration and evaluation expenses			
Administrative expenses		(115)	(114)
Depreciation	3	(1)	(3)
Environmental	8	(89)	(22)
Legal fees		(47)	(46)
Other exploration and evaluation expenses		(12)	(8)
Salaries and benefits		(80)	(86)
Surface rights		(2)	(1)
Total exploration and evaluation expenses		(346)	(280)
General and administrative expenses			
Administrative expenses		(63)	(64)
Legal and professional fees		(68)	(106)
Management and directors' fees		(55)	(53)
Total general and administrative expenses		(186)	(223)
Other income (expenses)			
Finance costs	7	(565)	(427)
Foreign exchange loss		3	94
Gain on disposal of property, plant and equipment		188	-
Other income		15	11
Total other income (expenses)		(359)	(322)
Net loss		(891)	(825)
Other comprehensive loss			
Foreign currency translation differences for foreign operations		(94)	(222)
Total comprehensive loss		(985)	(1,047)
Loss per share - basic and diluted		(0.01)	(0.01)
Weighted average number of common shares outstanding			
- basic and diluted		106,524,953	106,524,953

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

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Changes in Deficiency (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

	Note(s)	Share capital		Contribution from shareholder	Contingent value rights	Equity reserves	Deficit	Accumulated other comprehensive loss	TOTAL
		#	\$	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2022		106,524,953	324,928	27,687	46,974	31,942	(410,381)	(35,804)	(14,654)
Loss and comprehensive loss		-	-	-	-	-	(891)	(94)	(985)
Balance as of March 31, 2023		106,524,953	324,928	27,687	46,974	31,942	(411,272)	(35,898)	(15,639)

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		-	-	-	-	-	(825)	(222)	(1,047)
Balance as of March 31, 2022		106,524,953	324,928	27,687	46,974	31,942	(405,286)	(36,319)	(10,074)

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

Eco Oro Minerals Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in thousands of Canadian dollars unless otherwise specified)

		For the three months ended	
		March 31, 2023	March 31, 2022
	Note(s)	\$	\$
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net Loss		(891)	(825)
Accretion of interest of promissory notes	7	565	427
Depreciation	3	1	3
Loss (gain) on disposal of property, plant and equipment		(188)	-
Unwinding of discount of site restoration provision	8	63	20
Effects of currency exchange rate changes		(8)	(123)
Net changes in non-cash working capital items:			
Accounts receivable		8	5
Prepaid expenses		(196)	(145)
Trade and other payables		(5)	(507)
Amounts payable on exploration and evaluation asset acquisition		(165)	-
Cash flow used in operating activities		(816)	(1,145)
INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment	3	188	-
Cash flow provided by investing activities		188	-
Effects of exchange rate changes on cash		1	2
Decrease in cash		(627)	(1,143)
Opening cash		948	3,098
Closing cash		321	1,955
Supplemental cash flow information			
Cash paid for income taxes		-	-
Cash paid for interest		-	-

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

Eco Oro Minerals Corp.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months ended March 31, 2023

(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 March 31, 2023, the Company had working capital deficiency of \$2,651 (December 31, 2022 – \$2,374) and accumulated deficit of \$411,272 (December 31, 2022 – \$410,381). During the three months ended March 31, 2023, the Company reported a comprehensive loss of \$985 and cash used in operating activities of \$816.

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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2022 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on May 29, 2023.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2023 that impacted these condensed consolidated interim 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)***3. PLANT AND EQUIPMENT**

	\$
COST	
As of December 31, 2022	88
Effect of movements on exchange rates	4
As of March 31, 2023	92
ACCUMULATED DEPRECIATION	
As of December 31, 2022	(25)
Addition	(1)
Effect of movements on exchange rates	(2)
As of March 31, 2023	(28)
Net book value as of March 31, 2023	64

During the three months ended March 31, 2023, the Company disposed plant and equipment with a carrying value of \$nil (COP nil) for cash proceeds of \$188 (COP 660,000,000); as a result, the Company recognized a gain of disposal of \$188 (COP 660,000,000) in the statements of loss and comprehensive loss.

4. EXPLORATION AND EVALUATION ASSETS**Renunciation of Concession 3452**

On April 1, 2019, the Company notified Colombia of its intention to renounce Concession 3452 to mitigate its losses. On May 13, 2019, by Resolution VSC No. 000365, the ANM accepted the renunciation of Concession 3452. The 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

	March 31, 2023	December 31, 2022
	\$	\$
Trade payables	1,936	1,910
Accrued liabilities	1,345	1,367
	3,281	3,277

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**

		March 31, 2023
	COP ('000)	CA\$
Balance, opening	579,000	162
Payment	(579,000)	(169)
Effect of movements on exchange rates	-	7
Balance, closing	-	-

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 was paid during the year ended December 31, 2022

During the three months ended March 31, 2023, the Company paid the renaming amount of \$169 (COP579,000,000).

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 11). 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%.

	US\$ (in thousands)	CA\$
Opening	7,600	10,290
Accretion of interest of promissory notes	418	565
Effect of movements on exchange rates	-	(8)
Ending	8,018	10,847

During the three months ended March 31, 2023, accretion expenses of \$565 (US\$417,750) were recorded as finance costs with a corresponding increase in the carrying value of the liability (March 31, 2022 – \$427 (US\$336,914))

As at March 31, 2023, the carrying value of the promissory notes is \$10,847 (US\$8,017,664 (December 31, 2022 – \$10,290 (US\$7,599,914))).

As at March 31, 2023, the face value of the promissory notes is \$33,413 (US\$24,696,838) (December 31, 2022 – \$33,439 (US\$24,695,293)).

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

	\$
Opening	2,054
Unwinding of discount	63
Effect of movements on exchange rates	89
Ending	2,206
Undiscounted liability for site restoration	2,038

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

On July 5, 2019, the Company submitted the closure plan for Concession 3452 to the local environmental authority, the Autonomous Corporation for the Defense of the Bucaramanga Plateau (in Spanish, Corporación Autónoma para la Defensa de la Meseta de Bucaramanga or CDMB) for approval.

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 March 31, 2023 and December 31, 2022, the Company had 106,524,953 common shares issued and outstanding with a value of \$324,928.

During the three months ended March 31, 2023 and 2022, no share capital transactions occurred.

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)

Contingent Value Rights (the “CVRs”) (Note 11)

As of March 31, 2023 and December 31, 2022, the carrying value of the CVRs is \$46,974.

Stock option plan

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

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

No options were granted, exercised or cancelled during the three months ended March 31, 2023 and 2022.

As of March 31, 2023 and December 31, 2022, no options were issued and outstanding.

10. RELATED PARTIES

Subsidiaries

	Ownership interest at	
	March 31, 2023	December 31, 2022
	\$	\$
Eco Oro S.A.S	100%	100%
Eco Oro Services Corp.	100%	100%

Key management personnel

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

During the three months ended March 31, 2023 and 2021, the short-term benefits incurred for the key management personnel were \$90 and \$88, 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.

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)***10. RELATED PARTIES (CONTINUED)****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 three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Graywolfe Capital SECZ ("Graywolfe")		
Directors' fees	0	0
Croftcap Inc. ("Croftcap")		
Directors' fees	14	13
Eric T Consulting Corp.		
Professional fees	34	34
Quantum Advisory Partners LLP ("Quantum")		
Management and professional fees	15	15
TOTAL	63	62

Graywolfe is a company owned by the Company's current director, Courtenay Wolfe. The services provided by Graywolfe 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.

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 \$nil as at March 31, 2023 (December 31, 2022 – \$28).

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. 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.

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.

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. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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.

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. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties in one geographic region: Colombia. All of the Company's non-current assets are located in Colombia.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. In order to maintain or adjust the capital structure, the Company has, when required, raised additional capital from shareholders. The Company has not paid dividends, nor returned capital to shareholders to date. As at March 31, 2023, 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.

14. FINANCIAL INSTRUMENTS

Fair value

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

	March 31, 2023	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash	321	-	321	-
Accounts receivable	16	-	16	-
FINANCIAL LIABILITIES				
LIABILITIES				
Trade and other payables	(3,281)	-	(3,281)	-
Promissory notes	(10,847)	-	(10,847)	-

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. FINANCIAL INSTRUMENTS (CONTINUED)****Fair value (continued)**

	December 31, 2022 \$	FVTPL \$	Amortized costs \$	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)	-

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 March 31, 2023 and December 31, 2022, 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)

14. 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 March 31, 2023, 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 \$1,300.

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 \$321 as at March 31, 2023, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by \$3.

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)

14. 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 March 31, 2023, all of the Company's other financial liabilities except for the promissory notes have maturities less than one year. As at March 31, 2023, the Company had cash of \$321 in order to meet short-term operating needs.