

Table of Contents*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Orosi's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency).

The Costa Rican colon is the main foreign currency used by the Company in its transactions. The Costa Rica Central Bank is the entity responsible for managing the national banking system and regulating the currency's parity to other currencies. Buy and sell rates are established by authorized financial institutions, according to market supply and demand. As of December 31, 2014 and 2013, buy and sell rates for US dollars were ¢533.31 and ¢545.53 (2013: ¢507.80 and ¢495.01), respectively.

Below is a summary of monetary assets and liabilities in foreign currencies, expressed in US dollars:

	2014	2013
Assets:		
Cash	\$ 21,806	\$ 6,113
Accounts receivable	5,785	60
Prepaid expenses	3,960	—
Prepaid sales taxes	7,153,071	—
	<u>7,184,612</u>	<u>6,173</u>
Liabilities:		
Accounts payable and accrued expenses	222,888	63,079
Net monetary assets (liabilities)	<u>\$ 6,961,724</u>	<u>\$ (56,906)</u>

Sensitivity analysis:

The effect of a reasonable exchange rate variation between the Colon and the US\$ of +7% / -7% on the monetary assets and liabilities as of December 31, 2014 (2013: +1% / -1%), assuming that the remaining variables are held constant, would imply the recognition of gains or losses from exchange rate differences of US\$517,262 in 2014 (2013: US\$721).

22.2 Liquidity risk

The Company monitors its liquidity on a daily basis, attempting to maintain greater liquid assets than liquid liabilities, considering the maturity of its financial assets. It performs cash flow projections on a periodic basis in order to timely detect potential cash shortages or excesses to support its operations.

The following table summarizes the maturity of the Company's financial liabilities, based on payment commitments:

As of December 31, 2014:

	0 to 6 Months	6 to 12 months	More than 1 year	Total
Notes and loans payable	\$ 625,855	\$ 1,759,383	\$ 88,634,232	\$ 91,019,470
Account payable	123,044	—	—	123,044
Accrued interest payable	693,229	—	—	693,229
Accounts payable and accrued expenses	10,985,679	5,457	—	10,991,136
Restoration provision	—	48,959	187,834	234,793
	<u>\$ 12,427,807</u>	<u>\$ 1,811,799</u>	<u>\$ 88,822,066</u>	<u>\$ 103,061,672</u>

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