



**ODIN MINING  
& EXPLORATION**

**ODIN MINING AND EXPLORATION LTD.**



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2016**

**(Unaudited)**

**ODIN MINING AND EXPLORATION LTD.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**

Unaudited

(expressed in U.S. dollars)

	Note	June 30, 2016	December 31, 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 1,059,665	\$ 794,605
Receivables	4	5,781	5,476
Prepaid expenses		22,779	16,096
<b>Total current assets</b>		1,088,225	816,177
<b>Non-current assets</b>			
Environmental deposit		28,287	95,614
Property and equipment	5	466,843	470,934
Exploration and evaluation asset	6(a)	1,701,100	1,701,100
<b>Total assets</b>		\$ 3,284,455	\$ 3,083,825
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 334,801	\$ 38,612
Loan payable	7	1,000,658	-
<b>Total liabilities</b>		1,335,459	38,612
<b>EQUITY</b>			
Share capital	8	23,306,226	23,302,481
Share-based payment reserve		2,411,323	2,189,115
Accumulated deficit		(23,768,553)	(22,446,383)
<b>Total equity</b>		1,948,996	3,045,213
<b>Total liabilities and equity</b>		\$ 3,284,455	\$ 3,083,825

Going concern (Note 2(b))

Post-reporting date events (Note 18)

APPROVED BY THE DIRECTORS

*"Marshall Koval"*

Director

*"Donald Shumka"*

Director

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

**ODIN MINING AND EXPLORATION LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

**For the three and six months ended June 30, 2016 and 2015**

Unaudited

(expressed in U.S. dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2016	2015	2016	2015
<b>Expenses</b>					
Exploration and evaluation ("E&E") expenditures	6(b)	\$ 247,217	\$ 454,076	\$ 493,376	\$ 1,122,951
Fees, salaries and other employee benefits	10, 16	156,777	305,262	305,832	624,117
General and administration ("G&A")	16	23,367	28,203	56,510	92,536
Pre exploration and evaluation expenditures	16	117,330	57,416	166,758	126,526
Professional fees		273,162	11,321	308,752	40,366
Insurance		1,330	4,366	3,698	9,070
		(819,183)	(860,644)	(1,334,926)	(2,015,566)
<b>Other income (expenses)</b>					
Interest income and other		999	2,230	2,656	5,219
Interest expense		(658)	-	(658)	-
Foreign exchange gain (loss)		606	(3,722)	10,758	(8,536)
		947	(1,492)	12,756	(3,317)
<b>Net loss and comprehensive loss for the period</b>		\$ (818,236)	\$ (862,136)	\$ (1,322,170)	\$ (2,018,883)
Loss per share – basic and diluted	11	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding – basic and diluted	11	132,995,049	119,350,351	132,992,210	119,350,351

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**ODIN MINING AND EXPLORATION LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

**For the six months ended June 30, 2016 and 2015**

Unaudited

(expressed in U.S. dollars)

	Note	Six months ended June 30,	
		2016	2015
<b>Operating activities</b>			
Loss for the period		\$ (1,322,170)	\$ (2,018,883)
Adjustment for non-cash items:			
Depreciation	5	4,776	4,686
Environmental deposit interest earned		(2,287)	(2,742)
Share-based payment	9(a)	223,998	487,203
Add: interest expense		658	-
Deduct: interest income		(369)	(2,477)
Net changes in non-cash working capital items:			
Receivables		(305)	6,874
Prepaid expenses		(6,683)	(12,229)
Accounts payable and accrued liabilities		302,389	(276,735)
<b>Net cash utilized in operating activities</b>		<b>(799,993)</b>	<b>(1,814,303)</b>
<b>Investing activities</b>			
Return of environmental deposit		69,614	-
Expenditures on property		(6,885)	-
Interest received		369	2,477
<b>Net cash provided by investing activities</b>		<b>63,098</b>	<b>2,477</b>
<b>Financing activities</b>			
Shares issued	8(b)	1,955	-
Loan proceeds	7	1,000,000	-
<b>Net cash provided by financing activities</b>		<b>1,001,955</b>	<b>-</b>
Increase (decrease) in cash and cash equivalents		265,060	(1,811,826)
Cash and cash equivalents, beginning of period		794,605	2,733,464
<b>Cash and cash equivalents, end of period</b>	<b>3</b>	<b>\$ 1,059,665</b>	<b>\$ 921,638</b>

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**ODIN MINING AND EXPLORATION LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

**For the six months ended June 30, 2016 and 2015**

Unaudited

(expressed in U.S. dollars)

		Share Capital		Share-based Payment Reserve	Accumulated Deficit	Total
	Note	Number of shares	Amount			
<b>Balance, January 1, 2015</b>		119,350,351	\$ 21,075,643	\$ 1,270,652	\$ (19,110,365)	\$ 3,235,930
Share-based payment	9(a)	-	-	487,203	-	487,203
Comprehensive loss		-	-	-	(2,018,883)	(2,018,883)
<b>Balance, June 30, 2015</b>		119,350,351	21,075,643	1,757,855	(21,129,248)	1,704,250
Shares issued, net of issue costs	8(a)	13,636,364	2,226,838	-	-	2,226,838
Share-based payment		-	-	431,260	-	431,260
Comprehensive loss		-	-	-	(1,317,135)	(1,317,135)
<b>Balance, December 31, 2015</b>		132,986,715	23,302,481	2,189,115	(22,446,383)	3,045,213
Shares issued	8(b)	8,334	3,745	(1,790)	-	1,955
Share-based payment	9(a)	-	-	223,998	-	223,998
Comprehensive loss		-	-	-	(1,322,170)	(1,322,170)
<b>Balance, June 30, 2016</b>		132,995,049	\$ 23,306,226	\$ 2,411,323	\$ (23,768,553)	\$ 1,948,996

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**ODIN MINING AND EXPLORATION LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and six months ended June 30, 2016**

Unaudited

(expressed in U.S. dollars)

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**1. NATURE OF OPERATIONS**

Odin Mining and Exploration Ltd. ("Odin" or the "Company") is a publicly listed company incorporated under the Business Corporation Company Act of British Columbia on March 22, 1988. The Company is listed on the TSX-Venture Exchange, having the symbol ODN.V. Odin and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of mineral resources in Ecuador. The Group is considered to be in the exploration stage as it has not placed any of its mineral properties into production.

The Company's head office and principal business address is Suite 410, 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The Company's registered and records office is located at 1200 – 200 Burrard Street, Vancouver, British Columbia, V7X 1T2.

**2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

These condensed consolidated interim financial statements for the three and six months ended June 30, 2016, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in U.S. dollars, except as specifically noted for Canadian dollar amounts shown as "C\$".

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 25, 2016.

**(b) Going concern**

These condensed consolidated interim financial statements have been prepared on the going concern basis which assumes that the Company will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Company has incurred cumulative losses of \$23,768,553 and has a working capital deficiency of \$247,234 as at June 30, 2016 and has reported a net loss of \$1,322,170 for the six months ended June 30, 2016. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof.

The Company believes that, based on forecasts and the ability to reduce expenditures if required, along with indications of shareholder support, it will be able to continue as a going concern for the foreseeable future. However, the Company will require additional funding in the near-term and management is currently evaluating the alternatives presently available to the Company. There can be no assurance that management's plans will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**(c) Significant accounting policies**

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Group's audited consolidated financial statements for the year ended December 31, 2015. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements. There were no new accounting standards effective January 1, 2016 that had an impact on the Company's financial statements.

**(d) Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these condensed consolidated interim financial statements are discussed below.

**ODIN MINING AND EXPLORATION LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and six months ended June 30, 2016**

Unaudited

(expressed in U.S. dollars)

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**2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Significant accounting judgments and estimates (continued)**

*Judgments*

Going concern: The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in Note 2(b) when making its going concern assessment.

Exploration and evaluation assets: The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that recovery of the carrying value is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 6(a).

*Estimates and assumptions*

Share-based payments: The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

Deferred tax assets: The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Group's future planned activities, supported by budgets that have been approved by the Board of Directors. Management also considers the tax rules of the various jurisdictions in which the Group operates. Should there not be a forecast of taxable income that indicates the probable utilization of a deferred tax asset or any portion thereof, the Group does not recognize the deferred tax asset.

**(e) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these condensed consolidated interim financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

*IFRS 15 – Revenue from Contracts with Customers:* The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Group's consolidated financial statements. This is not expected to be significant as the Company is currently not generating operating revenues.

*IFRS 9 – Financial Instruments:* The IASB published the final version of IFRS 9 in July 2014. The final standard brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets and provides additional guidance on how to apply the business model and contractual characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Group's consolidated financial statements.

**ODIN MINING AND EXPLORATION LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and six months ended June 30, 2016**

Unaudited

(expressed in U.S. dollars)

**2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Standards issued but not yet effective (continued)**

*IFRS 16 – Leases:* On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its consolidated financial statements.

**3. CASH AND CASH EQUIVALENTS**

The Group's cash and cash equivalents at June 30, 2016, consisted of cash of \$1,059,665 and cash equivalents of \$Nil (December 31, 2015 – cash of \$353,846 and cash equivalents of \$440,759). The Group's cash and cash equivalents are denominated in the following currencies and include the following components:

	June 30, 2016		December 31, 2015	
Cash at bank and in hand – Canadian dollars	\$	18,508	\$	216,322
Cash at bank and in hand – U.S. dollars		1,041,157		137,524
Short-term deposits – U.S. dollars		-		440,759
<b>Cash and cash equivalents</b>	<b>\$</b>	<b>1,059,665</b>	<b>\$</b>	<b>794,605</b>

**4. RECEIVABLES**

	June 30, 2016		December 31, 2015	
GST	\$	5,155	\$	5,242
Other		626		234
<b>Total receivables</b>	<b>\$</b>	<b>5,781</b>	<b>\$</b>	<b>5,476</b>

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Group anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Group's receivables are all considered current and are not past due. The Group does not hold any collateral related to these receivables.

**5. PROPERTY AND EQUIPMENT**

	Land <sup>(1)</sup>		Equipment		Motor Vehicles		Total	
<b>Cost</b>								
January 1, 2016	\$	458,518	\$	23,242	\$	90,512	\$	572,272
Additions for the period		-		685		-		685
<b>June 30, 2016</b>	<b>\$</b>	<b>458,518</b>	<b>\$</b>	<b>23,927</b>	<b>\$</b>	<b>90,512</b>	<b>\$</b>	<b>572,957</b>
<b>Depreciation</b>								
January 1, 2016	\$	-	\$	23,242	\$	78,096	\$	101,338
Depreciation for the period		-		22		4,754		4,776
<b>June 30, 2016</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>23,264</b>	<b>\$</b>	<b>82,850</b>	<b>\$</b>	<b>106,114</b>
<b>Net book value</b>								
December 31, 2015	\$	458,518	\$	-	\$	12,416	\$	470,934
<b>June 30, 2016</b>	<b>\$</b>	<b>458,518</b>	<b>\$</b>	<b>663</b>	<b>\$</b>	<b>7,662</b>	<b>\$</b>	<b>466,843</b>

<sup>(1)</sup>The Company has purchased various small local farm lands in the area of its mineral properties that are of strategic value representing important surface rights over which it has mineral rights and access.

Depreciation expense relating to equipment and motor vehicles utilized in E&E activities is expensed to E&E costs.



**ODIN MINING AND EXPLORATION LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and six months ended June 30, 2016**

Unaudited

(expressed in U.S. dollars)

**6. EXPLORATION AND EVALUATION ASSET AND EXPENDITURES**

**(a) Exploration and evaluation asset**

The Group has five separate mineral titles located near Machala in southwest Ecuador, collectively known as the "Cangrejos Project." Two of the mineral titles were acquired by way of an option agreement (the "Castro Agreement") which was entered into on September 20, 2007 with the final payment being made on October 2, 2015. The carrying value of the mineral titles obtained via the Castro Agreement is \$1,701,100 at June 30, 2016 (December 31, 2015 - \$1,701,100).

**(b) Exploration and evaluation expenditures**

The Group's exploration and evaluation expenditures on the Cangrejos Project are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Mineral rights	\$ -	\$ 67	\$ 44,608	\$ 48,901
Legal fees	12,787	23,322	24,255	46,040
Assays	-	(6,395)	-	51,385
Camp	28,728	61,608	43,480	100,732
Camp access and improvements	2,590	4,895	4,359	9,399
Consultant database	-	-	-	525
Drilling	-	-	-	78,925
Engineering	-	9,990	-	25,085
Environmental	7,283	8,960	8,656	11,748
Field office	43,362	48,323	75,304	96,049
Geological consulting	-	7,657	-	29,974
Geological staff	41,843	84,702	82,904	153,119
Metallurgical	-	33,525	-	91,933
Project management*	38,953	50,108	71,488	118,048
Social and community*	34,195	43,858	63,470	85,765
Share-based payment (Note 9(a))	33,773	72,926	67,546	145,054
Transportation and accommodation	3,703	10,530	7,306	30,269
<b>Costs incurred during the period</b>	<b>\$ 247,217</b>	<b>\$ 454,076</b>	<b>\$ 493,376</b>	<b>\$ 1,122,951</b>
Cumulative E&E incurred, beginning of period**	\$ 9,198,226	\$ 7,805,944	\$ 8,952,067	\$ 7,137,069
<b>E&amp;E incurred during the period</b>	<b>247,217</b>	<b>454,076</b>	<b>493,376</b>	<b>1,122,951</b>
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 9,445,443</b>	<b>\$ 8,260,020</b>	<b>\$ 9,445,443</b>	<b>\$ 8,260,020</b>

\* Project management and social and community costs include payments made to key management personnel (see Note 16).

\*\* E&E expenditures have been disclosed on a cumulative basis since January 1, 2004.

**7. LOAN PAYABLE**

On June 29, 2016, the Company received a loan of \$1,000,000 from Ross J. Beaty, a shareholder of the Company. The loan accrues interest at a rate of 12% per annum, compounded annually and not in advance, and is repayable on or before the earlier of June 30, 2017 and two business days after the date on which the Company concludes any financing greater than the total owed at such date (being principal plus accrued interest). At June 30, 2016, accrued interest on the loan balance was \$658.

**ODIN MINING AND EXPLORATION LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three and six months ended June 30, 2016**

Unaudited

(expressed in U.S. dollars)

**8. SHARE CAPITAL**

**Authorized:** Unlimited common shares, without par value.

<b>Issued and fully paid:</b>	Number of Common Shares	Amount
Balance, January 1, 2015	119,350,351	\$ 21,075,643
Shares issued, net of issue costs (a)	13,636,364	2,226,838
Balance, December 31, 2015	132,986,715	23,302,481
Shares issued on exercise of stock options (b)	8,334	3,745
<b>Balance, June 30, 2016</b>	<b>132,995,049</b>	<b>\$ 23,306,226</b>

(a) In August 2015, the Company closed a non-brokered private placement of 13,636,364 common shares for proceeds of \$2,226,838, net of issue costs of \$35,264.

(b) In March 2016, 8,334 stock options were exercised at an exercise price of \$0.23 per common share for total proceeds of \$1,955. The previously recognized share-based payment expense relating to these stock options was reclassified from share option reserve to share capital in the amount of \$1,790.

**9. SHARE-BASED PAYMENTS**

**(a) Stock option plan**

The Company has a stock option plan (the "Plan") whereby the Company may grant options to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the total number of issued and outstanding shares on the date options are granted. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Options are exercisable over periods of up to five years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange. The Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion.

During the six months ended June 30, 2016, the Company granted no stock options (six months ended June 30, 2015 – nil). The weighted average share price at the date of exercise of stock options was \$0.40 for the six months ended June 30, 2016 (six months ended June 30, 2015 – not applicable).

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three and six months ended June 30, 2016, in the amount of \$115,311 and \$223,998, respectively, (three and six months ended June 30, 2015 - \$244,945 and \$487,203) has been recorded in the consolidated statement of comprehensive loss. Of these amounts, \$81,538 and \$156,452 has been included in fees, salaries and other employee benefits (Note 10) for the three and six months ended June 30, 2016 (three and six months ended June 30, 2015 - \$172,019 and \$342,149) and \$33,773 and \$67,546 has been expensed to exploration and evaluation expenditures (Note 6(b)) (2015 - \$72,926 and \$145,054).

**(b) Outstanding stock options**

Stock options and weighted average exercise prices are as follows for the reporting periods presented:

	Three months ended June 30,			
	2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,342,000	C\$ 0.54	4,425,000	C\$ 0.68
Expired	(40,000)	C\$ 0.62	-	C\$ -
<b>Outstanding, end of period</b>	<b>5,302,000</b>	<b>C\$ 0.54</b>	<b>4,425,000</b>	<b>C\$ 0.68</b>

**ODIN MINING AND EXPLORATION LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2016

Unaudited

(expressed in U.S. dollars)

**9. SHARE-BASED PAYMENTS (continued)**

**(b) Outstanding stock options (continued)**

	Six months ended June 30,		Six months ended June 30,	
	2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,387,000	C\$ 0.54	4,431,667	C\$ 0.68
Exercised	(8,334)	C\$ 0.315	-	C\$ -
Expired	(76,666)	C\$ 0.55	(6,667)	C\$ 0.62
Outstanding, end of period	5,302,000	C\$ 0.54	4,425,000	C\$ 0.68

At June 30, 2016, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
10,000	December 20, 2016	0.47	C\$1.00	10,000	C\$1.00
3,870,000	September 12, 2019	3.20	C\$0.62	2,580,006	C\$0.62
1,422,000	December 4, 2020	4.43	C\$0.315	474,005	C\$0.315
5,302,000		3.53	C\$0.54	3,064,011	C\$0.57

**10. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS**

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Fees, salaries	\$ 75,239	\$ 133,243	\$ 149,267	\$ 281,832
Social security and health benefits	-	-	113	136
Share-based payments (Note 9(a))	81,538	172,019	156,452	342,149
Fees, salaries and other employee benefits	\$ 156,777	\$ 305,262	\$ 305,832	\$ 624,117

**11. LOSS PER SHARE**

The calculation of basic and diluted loss per common share is based on the following data:

	Three months ended June 30,	
	2016	2015
Net loss	\$ 818,236	\$ 862,136
Weighted average number of common shares outstanding (basic and diluted)	132,995,049	119,350,351
Loss per share – basic and diluted	\$ 0.01	\$ 0.01
	Six months ended June 30,	
	2016	2015
Net loss	\$ 1,322,170	\$ 2,018,883
Weighted average number of common shares outstanding (basic and diluted)	132,992,210	119,350,351
Loss per share – basic and diluted	\$ 0.01	\$ 0.02

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**11. LOSS PER SHARE (continued)**

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the period, if dilutive.

All of the stock options currently issued (see Note 9) were anti-dilutive for the three and six month periods ended June 30, 2016 and 2015.

**12. CAPITAL RISK MANAGEMENT**

It is the Company's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and continue its operations for the benefit of its shareholders. The Company's objectives when managing capital are to:

- (a) continue the exploration and development of its mineral properties;
- (b) support any expansion plans; and
- (c) maintain a capital structure which optimizes the cost of capital at acceptable risk.

The Company manages its equity (which includes common shares, share-based payment reserve and accumulated deficit) and loan payable as capital. The Company intends to spend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new common shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors. There have not been any changes to the Company's capital management objectives, policies and processes compared to the prior year. The Company is not subject to any externally imposed capital requirements.

**13. FINANCIAL INSTRUMENTS**

**(a) Categories of financial assets and financial liabilities**

The Group's financial assets and financial liabilities are categorized as follows:

	Category	June 30, 2016	December 31, 2015
Cash and cash equivalents	Loans and receivables	\$ 1,059,665	\$ 794,605
Other receivables	Loans and receivables	626	234
Accounts payable and accrued liabilities	Other financial liabilities	334,801	38,612
Loan payable	Other financial liabilities	1,000,658	-

Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest income and other."

**(b) Fair Value Measurements**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of the Group's cash and cash equivalents, receivables, accounts payable and accrued liabilities and loan payable approximate their carrying amounts principally due to the short-term maturities of these instruments and the interest rates being charged or earned on these amounts.

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company did not have any financial instruments that were measured at Level 2 or 3 valuation techniques.

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**14. FINANCIAL INSTRUMENT RISKS**

The Group is exposed to various risks in relation to financial instruments. The main types of risk are credit risk, liquidity risk and market risk. These risks arise from the normal course of the Group's operations and all transactions undertaken are to support the Group's ability to continue as a going concern. The risks associated with financial instruments and the policies on mitigation of such risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

**(a) Credit Risk**

The Group considers that its cash and cash equivalents and other receivables are exposed to credit risk, representing maximum exposure of \$1,060,291 (December 31, 2015 - \$794,839). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash and cash equivalents is minimized by maintaining these assets with high-credit quality financial institutions. At June 30, 2016, the Group's cash and cash equivalents were deposited with two financial institutions (December 31, 2015 – two financial institutions).

**(b) Liquidity Risk**

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they become due. The Group manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and loans.

At June 30, 2016, the Group's current liabilities consisted of trade and other payables of \$334,801 which are due primarily within three months from the period end and a loan payable of \$1,000,658 which is due the earlier of June 30, 2017 or two days following a private placement of common shares. The Group's cash of \$1,059,665 at June 30, 2016, was sufficient to pay for the accounts payable and accrued liabilities but not to cover repayment of the loan balance.

At December 31, 2015, the Group's current liabilities consisted of trade and other payables of \$38,612 which were due primarily within three months from the period end. The Group's cash and cash equivalents of \$794,605 at December 31, 2015, were sufficient to pay for the current liabilities.

**(c) Market Risks**

The significant market risk exposures to which the Group is exposed are interest rate risk, currency risk and price risk.

*Interest Rate Risk*

Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's net exposure as at June 30, 2016 and December 31, 2015, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately, \$10,600 and \$7,900 respectively, in the Group's interest income on an annual basis.

*Currency Risk*

The functional currency of the Company and its subsidiaries is the U.S. dollar. The carrying amounts of financial assets and financial liabilities denominated in currencies other than the U.S. dollar are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the period.

The Group is exposed to currency risks arising from fluctuations in foreign exchange rates primarily among the U.S. dollar and Canadian dollar and the degree of volatility of these rates. The Group has historically raised funds from equity financings primarily in U.S. dollars. Canadian G&A expenses are primarily paid in Canadian dollars. The Group does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. The Group's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

Each of the tables below shows the impact that a 1% fluctuation in foreign currency rates compared to the U.S. dollar would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at each date disclosed.

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**14. FINANCIAL INSTRUMENT RISKS (continued)**

**(c) Market Risks (continued)**

*Currency Risk (continued)*

The foreign exchange risk exposure of the Group's cash and cash equivalents and accounts payable and accrued liabilities, as at June 30, 2016 is as follows:

Financial Instrument Type	U.S. Dollar	Currency	+/- 1% Fluctuation	
Cash	\$ 18,508	CAD dollar	\$ 185	(185)
Accounts payable and accrued liabilities	(234,094)	CAD dollar	(2,341)	2,341
<b>Total</b>	<b>\$ (215,586)</b>		<b>\$ (2,156)</b>	<b>2,156</b>

The foreign exchange risk exposure of the Group's cash and cash equivalents and accounts payable and accrued liabilities, as at December 31, 2015 was as follows:

Financial Instrument Type	U.S. Dollar	Currency	+/- 1% Fluctuation	
Cash and cash equivalents	\$ 216,322	CAD dollar	\$ 2,163	(2,163)
Accounts payable and accrued liabilities	(1,760)	CAD dollar	(18)	18
<b>Total</b>	<b>\$ 214,562</b>		<b>\$ 2,145</b>	<b>(2,145)</b>

*Other Price Risk*

The Group did not hold any financial instruments that had direct exposure to other price risks at June 30, 2016 and December 31, 2015.

**15. SEGMENTED DISCLOSURE**

The Company is organized into business units based on the location of its mineral properties and has one reportable operating segment, being that of the acquisition, exploration and evaluation of mineral properties in Ecuador.

**16. RELATED PARTY TRANSACTIONS**

*Subsidiaries*

The consolidated financial statements include the financial statements of Odin and its subsidiaries. Transactions between Odin and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are discussed below.

*Related party expenses and balances*

In addition to the loan received from a shareholder disclosed in Note 7, the Company incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended June 30,	
		2016	2015
Miedzi Copper Corp.	Pre exploration and evaluation	\$ 3,125	\$ -
Miedzi Copper Corp.	E&E (geological)	-	2,741
Miedzi Copper Corp.	G&A	13,591	10,548
Miedzi Copper Corp.	Fees	31,213	37,185
Anchor Investments Limited	Fees	-	36,653
Hathaway Consulting Ltd.	Fees	17,383	-
Koval Management Inc.	Fees	17,541	-
Koval Management LLC	Fees	-	36,781
La Mar Consulting Inc.	E&E (social community)	29,220	-
Lyle E Braaten Law Corp.	Fees	7,937	10,409
Proyectmin S.A.	Pre exploration and evaluation	18,203	27,638
Zen Capital & Mergers Ltd.	Fees	1,165	9,474
		<b>\$ 139,378</b>	<b>\$ 171,429</b>

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**16. RELATED PARTY TRANSACTIONS (continued)**

*Related party expenses and balances (continued)*

Company	Nature of transactions	Six months ended June 30,	
		2016	2015
Miedzi Copper Corp.	Pre exploration and evaluation	\$ 3,778	\$ -
Miedzi Copper Corp.	E&E (geological)	1,669	23,393
Miedzi Copper Corp.	G&A	21,486	23,762
Miedzi Copper Corp.	Fees	62,487	73,357
Anchor Investments Limited	Fees	-	73,326
Hathaway Consulting Ltd.	Fees	33,495	-
Koval Management Inc	Fees	17,541	-
Koval Management LLC	Fees	16,485	73,296
La Mar Consulting Inc.	E&E (social community)	58,495	-
Lyle E Braaten Law Corp.	Fees	15,293	20,842
Proyectmin S.A.	Pre exploration and evaluation	24,634	71,697
Zen Capital & Mergers Ltd.	Fees	2,297	17,618
		\$ 257,660	\$ 377,291

Miedzi Copper Corp. is considered a company related by way of directors and shareholders in common. Anchor Investments Ltd, Hathaway Consulting Ltd., Koval Management Inc., Koval Management LLC, La Mar Consulting Inc., Lyle E Braaten Law Corp., Proyectmin S.A. and Zen Capital & Mergers Ltd. are related by way of being owned by directors or officers of the Company. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At June 30, 2016, accounts payable included \$525 to Zen Capital & Mergers Ltd. and \$25,174 to Miedzi Copper Corp. (December 31, 2015 - there were no amounts owed to related parties).

*Key management personnel compensation*

Key management of the Group are the directors and officers of Odin and their remuneration includes the following:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Short-term benefits (i)	\$ 128,536	\$ 198,014	\$ 245,403	\$ 394,012
Share-based payments (ii)	-	-	-	-
<b>Total remuneration</b>	<b>\$ 128,536</b>	<b>\$ 198,014</b>	<b>\$ 245,403</b>	<b>\$ 394,012</b>

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 6(b)).

(ii) Share-based payments are the fair value of options granted (vested and unvested) to key management personnel as at the grant date. No options were granted during the periods ended June 30, 2016 and 2015.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended June 30, 2016 and 2015.

**17. COMMITMENTS**

The Group has entered into agreements for the rental of office space that require minimum payments in the aggregate as follows:

	June 30, 2016	December 31, 2015
Within one year	\$ 6,900	\$ 6,800
After one year but not more than five years	-	-
More than five years	-	-
	\$ 6,900	\$ 6,800

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**18. POST-REPORTING DATE EVENTS**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the condensed consolidated interim financial statements except as noted below:

**Proposed Acquisition of Ecuador Gold and Copper Corp. ("EGX")**

On August 3, 2016, Odin announced that it had entered into a definitive arrangement agreement (the "Arrangement Agreement") whereby Odin will acquire all of the outstanding securities of EGX in exchange for common shares of Odin. Pursuant to the Arrangement Agreement, Odin has agreed to acquire EGX by way of a statutory plan of arrangement. The plan of arrangement will result in Odin being owned approximately 65% and 35% by Odin and EGX's existing shareholders, respectively. The Arrangement Agreement calls for the conversion of EGX's outstanding debentures and warrants prior to the effective time of the plan of arrangement. It is estimated that at the conclusion of the arrangement there will be approximately 204.6 million common shares of Odin issued and outstanding.

The proposed acquisition will be effected by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia), and must be approved by the Supreme Court of British Columbia and the affirmative vote of 66 2/3% of EGX shareholders. In addition, pursuant to the rules of the TSX Venture Exchange, a simple majority of Odin shareholders will approve the transaction by way of written consent resolution. Each debenture or warrant to acquire EGX shares that is not converted into an EGX share prior to the effective date of the arrangement will be terminated. Holders of stock options of EGX will receive replacement stock options of Odin.

Completion of the arrangement is conditional on, in addition to the shareholder approval of EGX and Odin, voting agreements representing an aggregate of 60% of the outstanding EGX shares and satisfaction of other customary approvals, including regulatory, stock exchange and court approvals.

The Arrangement Agreement contains standard deal protections, including a commitment by EGX not to solicit alternative transactions, a right for Odin to match any superior proposal received by EGX and payment by EGX of a termination fee of \$500,000 if the transaction is not completed, under certain circumstances. The Arrangement Agreement was negotiated at arm's length between EGX and Odin.