ODIN MINING & EXPLORATION

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

September 30, 2014

(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended September 30, 2014 and 2013 have not been reviewed by the Company’s external auditors.

ODIN MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

Unaudited

(expressed in U.S. dollars)

	Note	September 30, 2014	December 31, 2013 *(Restated) (Note 2c)*	January 1, 2013 *(Restated) (Note 2c)*
ASSETS				
Current assets				
Cash and cash equivalents	3	$ 3,883,030	$ 141,338	$ 1,000,140
Receivables	4	18,304	8,000	11,254
Prepaid expenses		13,159	8,082	67,067
Total current assets		3,914,493	157,420	1,078,461
Non-current assets				
Environmental deposit		88,867	84,963	75,000
Property and equipment	5	274,433	275,831	287,304
Exploration and evaluation asset	6(a)	460,000	-	280,000
Total assets		$ 4,737,793	$ 518,214	$ 1,720,765
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 157,523	$ 114,940	$ 177,386
Loans payable	7	-	115,497	-
Bank indebtedness		-	15,000	-
Total liabilities		157,523	245,437	177,386
EQUITY				
Share capital	8	19,926,375	14,753,759	14,753,759
Shares to be issued		-	7,334	-
Share-based payment reserve	9	1,023,270	278,304	278,304
Accumulated deficit		(16,369,375)	(14,766,620)	(13,488,684)
Total equity		4,580,270	272,777	1,543,379
Total liabilities and equity		$ 4,737,793	$ 518,214	$ 1,720,765

Post-reporting date events (Note 17)

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 nine months ended September 30, 2014 and 2013

Unaudited

(expressed in U.S. dollars)

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
			(Restated) (Note 2c)		***(Restated) (Note 2c)***
Expenses					
Exploration and evaluation expenditures	6(b)	$ 513,460	$ 132,523	$ 721,593	$ 544,095
Fees, salaries and other employee benefits	10, 16	629,199	21,325	660,464	54,993
General and administration ("G&A")	16	39,488	6,079	77,769	22,713
Property investigations		22,182	-	22,182	-
Professional fees		62,361	9,789	85,582	24,880
Insurance		3,457	2,223	9,577	8,994
Depreciation		1,096	213	1,398	639
Interest (recovery) expense		(4,663)	-	10,016	-
		1,266,580	172,152	1,588,581	656,314
Other income (expenses)					
Interest and other income		4,870	233	5,253	3,164
Foreign exchange loss		(8,195)	(1,765)	(19,427)	(26,774)
Impairment expense	6(a)	-	(380,000)	-	(380,000)
		(3,325)	(381,532)	(14,174)	(403,610)
Net loss and comprehensive loss for the period attributable to owners of the parent entity		$ 1,269,905	$ 553,684	$ 1,602,755	$ 1,059,924
Loss per share – basic and diluted	11	$ 0.01	$ 0.03	$ 0.04	$ 0.05
Weighted average number of shares outstanding – basic and diluted	11	89,039,712	19,494,251	43,086,508	19,494,251

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

For the nine months ended September 30, 2014 and 2013

Unaudited

(expressed in U.S. dollars)

	Note	Nine months ended September 30, 2014	2013
			(Restated) (Note 2c)
Operating activities			
(Loss) for the period		$ (1,602,755)	$ (1,059,924)
Adjustment for non-cash items:			
Depreciation		1,398	9,200
Environmental deposit		(3,904)	-
Financing fee on loans (included in G&A expense)		18,156	-
Impairment expense	6(a)	-	380,000
Share-based payment	9(a)	744,966	-
Add: interest paid		10,211	-
Deduct: interest income		(5,253)	(3,164)
Net changes in non-cash working capital items:			
Receivables		(10,304)	1,194
Prepaid expenses		(5,077)	67,067
Accounts payable and accrued liabilities		42,583	(90,405)
Net cash utilized in operating activities		(809,979)	(696,032)
Investing activities			
Expenditures on exploration and evaluation asset		(460,000)	(100,000)
Interest received		5,253	3,164
Net cash utilized in investing activities		(454,747)	(96,836)
Financing activities			
Shares issued	8(c)	5,000,000	-
Cost to issue shares	8(c)	(66,441)	-
Proceeds from loans		285,178	-
Repayment of loans		(187,108)	-
Interest paid on loans		(10,211)	-
Reduction of bank indebtedness		(15,000)	-
Net cash provided by financing activities		5,006,418	-
Increase (decrease) in cash and cash equivalents		3,741,692	(792,868)
Cash and cash equivalents, beginning of period		141,338	1,000,140
Cash and cash equivalents, end of period	3	$ 3,883,030	$ 207,272

Non-cash financing activities:

During the nine months ended September 30, 2014, the Company issued 1,320,000 pre-consolidation shares in the amount of $18,616 as bonus payment for loans and 4,205,433 post-consolidation shares in the amount of $220,441 as settlement for outstanding loans. These amounts are not reflected in the statement of cash flows.

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

For the nine months ended September 30, 2014 and 2013

Unaudited

(expressed in U.S. dollars)

		Share Capital					
	Note	**Number of shares**	**Amount**	**Shares to be Issued**	**Share-based Payment Reserve**	**Accumulated Deficit**	**Total**
						(Restated) (Note 2c)	
Balance, January 1, 2013		97,471,243	$ 14,753,759	$ -	$ 278,304	$ (13,488,684)	$ 1,543,379
Comprehensive loss		-	-	-	-	(1,059,924)	(1,059,924)
Balance, September 30, 2013		97,471,243	14,753,759	-	278,304	(14,548,608)	483,455
Shares to be issued		-	-	7,334	-	-	7,334
Comprehensive loss		-	-	-	-	(218,012)	(218,012)
Balance, December 31, 2013		97,471,243	14,753,759	7,334	278,304	(14,766,620)	272,777
Shares issued as bonus for loan	8(a)	1,320,000	18,616	(7,334)	-	-	11,282
Consolidation of issued shares on a one for five basis	8(b)	(79,032,992)	-	-	-	-	-
Shares issued, net of issue costs	8(c)	95,386,667	4,933,559	-	-	-	4,933,559
Shares issued to satisfy debt	8(d)	4,205,433	220,441	-	-	-	220,441
Share-based payment	9(a)	-	-	-	744,966	-	744,966
Comprehensive loss		-	-	-	-	(1,602,755)	(1,602,755)
Balance, September 30, 2014		119,350,351	$ 19,926,375	$ -	$ 1,023,270	$ (16,369,375)	$ 4,580,270

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

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 10th Floor – 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

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

(a) Basis of preparation

These condensed consolidated interim financial statements for the nine months ended September 30, 2014, 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, 2013 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 authorised for issue by the Board of Directors on November 21, 2014.

(b) Going concern

These condensed consolidated interim financial statements have been prepared on the going concern basis which assumes that the Group will be able to realize, into the foreseeable future, its assets and liabilities in the normal course of business as they come due. The Group has incurred cumulative losses of $16,369,375 as at September 30, 2014 and has reported a net loss of $1,602,755 for the nine months ended September 30, 2014. The ability of the Group to continue as a going concern is dependent upon successfully obtaining additional financing, a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Group's assets, the outright sale of the Company 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, as noted above, the Company will require additional funding in the future. There can be no assurance that management's plans will be successful. 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, 2013. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements except for (i) a change in accounting policy for exploration and evaluation expenditures effective September 30, 2014 and (ii) the application of new standards or amendments to IFRS effective January 1, 2014. These changes are described below:

Change in Accounting Policy – Exploration and Evaluation Expenditures

Effective September 30, 2014, the Company voluntarily changed its accounting policy for exploration and evaluation expenditures ("E&E") to recognize these costs in the statement of loss in the period incurred, as permitted under IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Previously, all these expenditures were capitalized as exploration and evaluation assets on the Company's balance sheet. The Company changed its accounting policy as it believes that the new policy is more in line with the IFRS framework with respect to what constitutes an asset. The Company also believes that showing exploration and evaluation expenses separately on the statement of loss and in the operating activities section of the statement of cash flows more clearly represents the Company's activities during the periods presented. The change in accounting policy has been applied retrospectively. No change in accounting policy was made with regard to costs of acquiring mineral property licenses or rights which are disclosed as E&E Assets. The Company's accounting policies for these costs are as noted below.

(expressed in U.S. dollars)

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

(c) Significant accounting policies (continued)

Change in Accounting Policy – Exploration and Evaluation Expenditures (continued)

Exploration and evaluation licenses: All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into intangible assets on a property by property basis. License costs paid in connection with a right to explore in an exploration area, for a period in excess of one year, are capitalized and amortized over the term of the license.

Exploration and evaluation expenditures: Exploration costs, net of incidental revenues, are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

The change in accounting policy resulted in the following changes to the Company's consolidated financial statements:

Consolidated Balance Sheet as at January 1, 2013

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
ASSETS				
Current assets				
Cash and cash equivalents		$ 1,000,140	$ -	$ 1,000,140
Receivables		11,254	-	11,254
Prepaid expenses		67,067	-	67,067
Total current assets		1,078,461	-	1,078,461
Non-current assets				
Environmental deposit		75,000	-	75,000
Property and equipment		287,304	-	287,304
Exploration and evaluation asset	(i)	2,581,286	(2,301,286)	280,000
Total assets		$ 4,022,051	$ (2,301,286)	$ 1,720,765
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 177,386	$ -	$ 177,386
Total liabilities		177,386	-	177,386
EQUITY				
Share capital		14,753,759	-	14,753,759
Share-based payment reserve		278,304	-	278,304
Accumulated deficit	(i)	(11,187,398)	(2,301,286)	(13,488,684)
Total equity		3,844,665	(2,301,286)	1,543,379
Total liabilities and equity		$ 4,022,051	$ (2,301,286)	$ 1,720,765

(i) All E&E expenditures have been expensed to deficit rather than capitalized on the balance sheet. $280,000 relates to concession acquisition payments that were not impaired as at January 1, 2013.

(expressed in U.S. dollars)

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

(c) Significant accounting policies (continued)

Change in Accounting Policy – Exploration and Evaluation Expenditures (continued)

Consolidated Balance Sheet as at December 31, 2013

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
ASSETS				
Current assets				
Cash and cash equivalents		$ 141,338	$ -	$ 141,338
Receivables		8,000	-	8,000
Prepaid expenses		8,082	-	8,082
Total current assets		157,420	-	157,420
Non-current assets				
Environmental deposit		84,963	-	84,963
Property and equipment		275,831	-	275,831
Exploration and evaluation assets	(ii)	1	(1)	-
Total assets		$ 518,215	$ (1)	$ 518,214
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 114,940	$ -	$ 114,940
Loans payable		115,497	-	115,497
Bank indebtedness		15,000	-	15,000
Total liabilities		245,437	-	245,437
EQUITY				
Share capital		14,753,759	-	14,753,759
Shares to be issued		7,334	-	7,334
Share-based payment reserve		278,304	-	278,304
Accumulated deficit	(ii)	(14,766,619)	(1)	(14,766,620)
Total equity		272,778	(1)	272,777
Total liabilities and equity		$ 518,215	$ (1)	$ 518,214

(ii) All E&E expenditures have been expensed to deficit rather than capitalized on the balance sheet.

(expressed in U.S. dollars)

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

(c) Significant accounting policies (continued)

Change in Accounting Policy – Exploration and Evaluation Expenditures (continued)

Consolidated Statement of Loss and Comprehensive Loss – three months ended September 30, 2013

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
Expenses				
Exploration and evaluation expenditures	(iii)	$ -	$ 132,523	$ 132,523
Fees, salaries and other employee benefits	(iii)	24,856	(3,531)	21,325
General and administration	(iii)	9,431	(3,352)	6,079
Professional fees	(iii)	11,469	(1,680)	9,789
Insurance		2,223	-	2,223
Depreciation		213	-	213
		48,192	123,960	172,152
Other income (expenses)				
Interest and other income		233	-	233
Foreign exchange loss		(1,765)	-	(1,765)
Impairment expense	(iv)	(3,195,515)	2,815,515	(380,000)
		(3,197,047)	2,815,515	(381,532)
Net loss and comprehensive loss for the period attributable to owners of the parent entity		$ 3,245,239	$ (2,691,555)	$ 553,684
Loss per share – basic and diluted		$ 0.17	$ (0.14)	$ 0.03
Weighted average number of shares outstanding – basic and diluted *		19,494,251	-	19,494,251

* Weighted average share numbers are presented after adjustment for the one for five share consolidation effective June 4, 2014 (see Note 11).

(iii) Costs incurred during the period on E&E expenditures are disclosed in the statement of loss rather than on the balance sheet. Certain costs totaling $8,563 have been reclassified from categories in the profit and loss to E&E expenditures representing field office costs incurred in Ecuador. Management believes these are directly related to the E&E activities so are more appropriately disclosed as part of the cost of E&E operations.

(iv) As previous E&E costs have been restated through accumulated deficit the impairment expense in the period relates to the concession acquisition carrying value at September 30, 2013 (see Note 6).

(expressed in U.S. dollars)

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

(c) Significant accounting policies (continued)

Change in Accounting Policy – Exploration and Evaluation Expenditures (continued)

Consolidated Statement of Loss and Comprehensive Loss – nine months ended September 30, 2013

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
Expenses				
Exploration and evaluation expenditures	(v)	$ -	$ 544,095	$ 544,095
Fees, salaries and other employee benefits	(v)	65,242	(10,249)	54,993
General and administration	(v)	34,097	(11,384)	22,713
Professional fees	(v)	33,112	(8,232)	24,880
Insurance		8,994	-	8,994
Depreciation		639	-	639
		142,084	514,230	656,314
Other income (expenses)				
Interest and other income		3,164	-	3,164
Foreign exchange loss		(26,774)	-	(26,774)
Impairment expense	(vi)	(3,195,515)	2,815,515	(380,000)
		(3,219,125)	2,815,515	(403,610)
Net loss and comprehensive loss for the period attributable to owners of the parent entity		$ 3,361,209	$ (2,301,285)	$ 1,059,924
Loss per share – basic and diluted		$ 0.17	$ (0.12)	$ 0.05
Weighted average number of shares outstanding – basic and diluted*		19,494,251	-	19,494,251

* Weighted average share numbers are presented after adjustment for the one for five share consolidation effective June 4, 2014 (see Note 11).

(v) Costs incurred during the period on E&E expenditures are disclosed in the statement of loss rather than on the balance sheet. Certain costs totaling $29,865 have been reclassified from categories in the profit and loss to E&E expenditures representing field office costs incurred in Ecuador. Management believes these are directly related to the E&E activities so are more appropriately disclosed as part of the cost of E&E operations.

(vi) As previous E&E costs have been restated through accumulated deficit the impairment expense in the period relates to the concession acquisition carrying value at September 30, 2013 (see Note 6).

(expressed in U.S. dollars)

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

(c) Significant accounting policies (continued)

Change in Accounting Policy – Exploration and Evaluation Expenditures (continued)

Consolidated Statement of Cash Flows – nine months ended September 30, 2013

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
Operating activities				
(Loss) for the period	(vii)	$ (3,361,209)	$ 2,301,285	$ (1,059,924)
Adjustment for non-cash items:				
Depreciation	(viii)	639	8,561	9,200
Impairment expense	(vii)	3,195,515	(2,815,515)	380,000
Deduct: interest income		(3,164)	-	(3,164)
Net changes in non-cash working capital items:				
Receivables		1,194	-	1,194
Prepaid expenses	(viii)	8,994	58,073	67,067
Accounts payable and accrued liabilities	(viii)	(51,944)	(38,461)	(90,405)
Net cash utilized in operating activities		(209,975)	(486,057)	(696,032)
Investing activities				
Expenditures on exploration and evaluation asset	(viii)	(586,057)	486,057	(100,000)
Interest received		3,164	-	3,164
Net cash utilized in investing activities		(582,893)	486,057	(96,836)
(Decrease) in cash and cash equivalents		(792,868)	-	(792,868)
Cash and cash equivalents, beginning of period		1,000,140	-	1,000,140
Cash and cash equivalents, end of period		$ 207,272	$ -	$ 207,272

(vii) See notes above regarding the consolidated statement of loss and comprehensive loss for the three months ended September 30, 2013.

(viii) Expenditures on E&E along with related prepaid expenses and payables were previously disclosed as investing activities to the extent they related to mineral property costs. These are now expensed as operating activities.

Application of New IFRS Standards

IAS 32 – Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32): IAS 32 *Financial Instruments: Presentation* was amended to address inconsistencies in current practice when applying the offsetting criteria. The amendments clarify the meaning of “currently has a legally enforceable right to set-off.” The amendments had no impact on the Group’s consolidated financial statements.

IFRIC 21 – Levies: IFRIC 21, *Levies,* is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* which sets out criteria for the recognition of a liability, one of which is the requirement for an entity to have a present obligation as a result of a past event. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation did not have a material impact on the Group’s consolidated financial statements.

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

(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 consolidated financial statements are discussed below.

Judgments

Determination of functional currency: The determination of functional currency for each company in the Group requires an analysis of various indicators which IFRS splits between primary and additional indicators. The primary factors include analyzing (a) the currency that mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services and (c) the currency that mainly influences labour, material and other costs of providing goods or services. The additional factors for consideration under IFRS include examining (a) the currency of financing activities, (b) the currency in which receipts from operating activities are usually retained, (c) whether the activities of foreign operations are carried out as an extension of the Company or operate with a large degree of autonomy, (d) whether transactions between entities is a high or low proportion of the foreign operation's activities, (e) whether cash flows from activities of a foreign operation directly affect the cash flows of the Company and (f) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations.

The Group operates in multiple jurisdictions and transacts in multiple currencies. Being an exploration stage entity, the Company has no revenues from operations to date and therefore has based the determination of functional currency on expenditures, financial commitments and historical financing. Transactions related to all three of these criteria occur in more than one currency, however the US$ is the dominant currency and therefore the currency of the primary economic environment to which the Company is the most significantly exposed. As such, management determined the US$ to be the functional currency of the Company and its subsidiaries.

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 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 the recovery of expenditure 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.

Title to Mineral Property Interests: Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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.

Impairment of assets: Determining an asset or cash-generating unit's recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash-generating unit as being its Ecuadorean operation, which is the lowest level for which cash inflows could potentially under future operations be largely independent of other assets.

(expressed in U.S. dollars)

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

(d) Significant accounting judgments and estimates (continued)

Estimates and assumptions (continued)

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, 2017 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, however, as the Company currently has no operating revenues, this is not anticipated to be significant.

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.

3. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents at September 30, 2014, consisted of cash of $382,325 and cash equivalents of $3,500,705 (December 31, 2013 – cash of $141,338). The Group's cash and cash equivalents are denominated in the following currencies and include the following components:

		September 30, 2014		December 31, 2013
Cash at bank and in hand – Canadian dollars	$	159,221	$	140,958
Cash at bank and in hand – U.S. dollars		223,104		380
Short-term deposits – U.S. dollars		3,500,705		-
Cash and cash equivalents	$	3,883,030	$	141,338

4. RECEIVABLES

		September 30, 2014		December 31, 2013
Goods and Services Tax	$	14,186	$	-
Expense advance to employees		4,118		8,000
Total receivables	$	18,304	$	8,000

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 assets.

(expressed in U.S. dollars)

5. PROPERTY AND EQUIPMENT

	Land[1]	Equipment	Motor Vehicles	Total
Cost				
January 1 and December 31, 2013	$ 250,000	$ 41,202	$ 90,512	$ 381,714
Disposals	-	(17,960)	-	(17,960)
September 30, 2014	250,000	23,242	90,512	363,754
Depreciation				
January 1, 2013	-	37,052	57,358	94,410
Depreciation for the year	-	2,050	9,423	11,473
December 31, 2013	-	39,102	66,781	105,883
Disposals	-	(17,960)	-	(17,960)
Depreciation for the period	-	(4,338)	5,736	1,398
September 30, 2014	-	16,804	72,517	89,321
Net book value				
December 31, 2013	$ 250,000	$ 2,100	$ 23,731	$ 275,831
September 30, 2014	$ 250,000	$ 6,438	$ 17,995	$ 274,433

[1] 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.

6. EXPLORATION AND EVALUATION ASSET AND EXPENDITURES

(a) Exploration and evaluation asset

The Group has or has rights to 10 separate mineral titles located near Machala South West Ecuador, known as the "Cangrejos Concessions". In addition, on September 20, 2007, the Company entered into an option agreement to acquire two additional mineral titles via a mining right in the contiguous properties known as the "Castro Concessions". Both of these areas together form the Company's Greater Cangrejos project area. The Castro agreement, as amended December 23, 2009 and July 13, 2012, calls for payments totalling $2,400,000 to complete the acquisition of the mineral rights, payable as follows: December 31, 2007 - $80,000 (paid); December 20, 2009 - $80,000 (paid); September 20, 2011 - $180,000 (paid); later of June 30, 2012 and completion of fund raising approved by the TSX-V - $100,000 (paid); July 30, 2013 - $100,000 (paid); July 30, 2014 - $460,000 (paid); and July 30, 2015 - $1,400,000.

Acquisition costs and carrying value of the Castro Concessions are as follows:

	Nine months ended September 30, 2014	Nine months ended September 30, 2013	Year ended December 31, 2013
Cost, beginning of period	$ 540,000	$ 440,000	$ 440,000
Additions:			
Acquisition cost	460,000	100,000	100,000
Cost, end of period	1,000,000	540,000	540,000
Provision for impairment, beginning of period	540,000	160,000	160,000
Impairment charge	-	380,000	380,000
Provision for impairment, end of period	540,000	540,000	540,000
Net Book Value	$ 460,000	$ -	$ -

(expressed in U.S. dollars)

6. EXPLORATION AND EVALUATION ASSET AND EXPENDITURES (continued)

(b) Exploration and evaluation expenditures

The Group's exploration and evaluation expenditures on the overall project are as follows:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Mineral rights	$ -	$ 727	$ 46,926	$ 90,266
Legal fees	6,731	11,200	23,881	35,840
Assays	-	4,169	-	6,516
Camp	27,672	11,493	47,388	102,603
Camp access and improvements	182	391	344	9,207
Consultant database	4,319	-	4,319	-
Environmental	1,365	1,344	11,975	1,344
Field office	26,208	8,563	41,838	29,865
Geological consulting	52,752	12,730	52,752	29,174
Geological staff	42,837	78,111	134,536	221,976
Project management	47,182	-	47,182	-
Reports	6,000	-	6,000	-
Social and community	23,564	-	23,564	-
Share-based payment (Note 9(a))	224,422	-	224,422	-
Transportation and accommodation	50,226	3,795	56,466	17,304
Costs incurred during the period*	$ 513,460	$ 132,523	$ 721,593	$ 544,095
Cumulative E&E incurred, beginning of period*	$ 5,518,508	$ 5,035,867	$ 5,310,375	$ 4,624,295
E&E incurred during the period	513,460	132,523	721,593	544,095
Cumulative E&E incurred, end of period	$ 6,031,968	$ 5,168,390	$ 6,031,968	$ 5,168,390

* Costs for the period are presented following the change in accounting policy as described in Note 2(c).
** E&E expenditures have been disclosed on a cumulative basis since January 1, 2004.

7. LOANS PAYABLE

	September 30, 2014	December 31, 2013
Canadian dollar loans (a)	C$ -	C$ 130,000
Foreign exchange effect	C$ -	C$ (7,629)
Unamortized financing costs	$ -	$ (6,874)
	$ -	$ 115,497

In July 2014, the Company settled all outstanding Canadian dollar loans as follows:

(a) Concurrent with closing a private placement for gross proceeds of $5,000,000 (see Note 8(c)), 4,205,433 post consolidation common shares were issued in consideration for settlement of outstanding loans in the amount of C$236,556 (C$230,000 plus accrued interest of C$6,556); and

(b) Two loans totaling C$200,000 plus accrued interest of C$10,915 were repaid from proceeds of the private placement.

(expressed in U.S. dollars)

8. SHARE CAPITAL

Authorized: 200,000,000 (December 31, 2013 – 200,000,000) common shares, without par value.

Issued and fully paid:	Number of Shares		Amount
Balance, December 31, 2012 and 2013	97,471,243	$	14,753,759
Shares issued as bonus for loan (a)	1,320,000		18,616
Consolidation of shares on 1 for 5 basis (b)	(79,032,992)		-
Shares issued, net of issue costs (c)	95,386,667		4,933,559
Shares issued in satisfaction of debt (d)	4,205,433		220,441
Balance, September 30, 2014	119,350,351	$	19,926,375

During the period ended September 30, 2014:

(a) The Company issued 1,320,000 pre-consolidation bonus shares valued at $18,616 (based upon the quoted market price of the Company's common shares on the date of the loan agreements) as additional consideration for loans entered into by the Company (see Note 7). The value of the bonus shares was recorded as financing costs deducted from the loan and was expensed to profit and loss on a straight-line basis over the term of the loans.

(b) Effective June 4, 2014 the Company's issued shares were consolidated on the basis of one post-consolidation share for every five pre-consolidation shares, resulting in the reduction of issued and outstanding shares from pre-consolidation shares 98,791,243 to 19,758,251 post-consolidation shares issued and outstanding.

(c) In July 2014, the Company closed a non-brokered private placement of 95,386,667 common shares for proceeds of $4,933,559, net of issue costs of $66,441.

(d) In July 2014, concurrent with the above-noted private placement, 4,205,433 common shares were issued to settle outstanding debt (see Note 7(a)).

9. SHARE-BASED PAYMENTS

(a) Stock option plan

Until the Company's annual general meeting on August 26, 2014, the Company had an Incentive Share Option Plan for directors, officers, employees and consultants, enabling them to purchase common shares (the "Incentive Plan"). Under the terms of the Incentive Plan, the total number of options outstanding at any time could not exceed 10% of the total number of outstanding common shares; the number of options granted to any individual were not to exceed 5% of the issued and outstanding shares of the Company from time to time; the number of options granted to consultants or investor relations consultants were not to exceed 2% of the issued and outstanding shares of the Company from time to time; and the number of options granted to insiders were not to exceed 10% of the issued and outstanding shares of the Company from time to time. Each option granted under the Incentive Plan was for a maximum term of five years. The exercise price of the options granted under the Incentive Plan was established by the Board of Directors of the Company and could not be less than the Discounted Market Price as calculated and defined in accordance with the policies of the TSX Venture Exchange. Incentive Plan options vested 25% on the date of grant and 25% every three months thereafter, except for options issued to employees or consultants conducting investor relations which vested in stages over 12 months with no more than one-quarter of the Options vesting in any three month period.

At the Company's annual general meeting on August 26, 2014, shareholders approved a new stock option plan (the "2014 Stock Option Plan" or "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 TSXV. The Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion.

(expressed in U.S. dollars)

9. SHARE-BASED PAYMENTS (continued)

(a) Stock option plan (continued)

In September 2014, the Company granted 4,000,000 stock options (nine months ended September 30, 2013 – nil) to directors, officers, employees and consultants at a weighted average exercise price of C$0.62 and expiry date of September 12, 2019. The weighted average fair value of the options granted in the period ended September 30, 2014 was estimated at $0.52 per option at the grant date using Black-Scholes. The vesting schedule of the options was 1/3rd on the grant date, 1/3rd one year after the grant date and 1/3rd two years after the grant date.

The fair value used to calculate the compensation expense related to the stock options granted is estimated using Black-Scholes with the following assumptions:

	Nine months ended September 30, 2014	2013
Risk-free interest rate	1.56%	-
Expected dividend yield	-	-
Expected stock price volatility	161%	-
Expected option life in years	5	-
Expected rate of forfeiture	0 – 5%	-

The share price and exercise price used in determining share-based payment amounts are equal to the closing share price and exercise price on the day that stock options are granted. Option pricing models such as Black-Scholes require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. Volatility is determined based upon historical volatility of the Company's common shares, generally for a period equal to the expected life of the stock options.

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the nine months ended September 30, 2014, in the amount of $744,966 (nine months ended September 30, 2013 - $Nil) has been recorded. Of this amount, $520,444 has been included in fees, salaries and other employee benefits and $224,422 has been expensed to exploration and evaluation expenditures.

(b) Outstanding stock options

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

	Three months ended September 30, 2014			2013		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	645,000	C$	1.24	645,000	C$	1.24
Granted	4,000,000	C$	0.62	-	C$	-
Outstanding, end of period	4,645,000	C$	0.71	645,000	C$	1.24

	Nine months ended September 30, 2014			2013		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	645,000	C$	1.24	645,000	C$	1.24
Granted	4,000,000	C$	0.62	-	C$	-
Outstanding, end of period	4,645,000	C$	0.71	645,000	C$	1.24

(expressed in U.S. dollars)

9. SHARE-BASED PAYMENTS (continued)

(b) Outstanding stock options (continued)

For each reporting period, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

September 30, 2014					
Options Outstanding				Options Exercisable	
Number of Shares	Expiry Date	Weighted average life (years)	Exercise Price	Number of Shares	Exercise Price
620,000	October 26, 2015	1.07	C$1.25	620,000	C$1.25
4,000	October 1, 2016	2.01	C$0.85	4,000	C$0.85
21,000	December 20, 2016	2.22	C$1.00	21,000	C$1.00
4,000,000	September 12, 2019	4.95	C$0.62	1,333,340	C$0.62
4,645,000		4.42	C$0.71	1,978,340	C$0.82

December 31, 2013					
Options Outstanding				Options Exercisable	
Number of Shares	Expiry Date	Weighted average life (years)	Exercise Price	Number of Shares	Exercise Price
620,000	October 26, 2015	1.82	C$1.25	620,000	C$1.25
4,000	October 1, 2016	2.75	C$0.85	4,000	C$0.85
21,000	December 20, 2016	2.96	C$1.00	21,000	C$1.00
645,000		1.86	C$1.24	645,000	C$1.24

(c) Share option reserve

A summary of the share option reserve account is presented below:

		Fair value of stock options
Balance – December 31, 2012 and 2013	$	278,304
Share-based payment		744,966
Balance – September 30, 2014	$	1,023,270

10. REMUNERATION

Expenses recognized for fees, salaries and other employee benefits are analyzed below:

	Three months ended September 30,				Nine months ended September 30,			
		2014		2013		2014		2013
Fees, salaries	$	107,052	$	20,505	$	138,265	$	53,558
Social security and health benefits		1,603		820		1,655		1,435
Share-based payments		520,544		-		520,544		-
Fees, salaries and other employee benefits	$	629,199	$	21,325	$	660,464	$	54,993

(expressed in U.S. dollars)

11. LOSS PER SHARE

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

	Three months ended September 30, 2014	2013
Net loss	$ 1,269,905	$ 553,684
Weighted average number of common shares outstanding (basic and diluted)	89,039,712	19,494,251
Loss per share – basic and diluted	$ 0.01	$ 0.03

	Nine months ended September 30, 2014	2013
Net loss	$ 1,602,755	$ 1,059,924
Weighted average number of common shares outstanding (basic and diluted)	43,086,508	19,494,251
Loss per share – basic and diluted	$ 0.04	$ 0.05

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 weighted average share numbers presented above have been adjusted for the one for five share consolidation that was effective on June 4, 2014, including prior periods.

All of the stock options currently issued (see Note 9) were anti-dilutive for the three and nine month periods ended September 30, 2013 and 2014.

12. CAPITAL RISK MANAGEMENT

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

The Group 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 Group may issue new shares. In order to facilitate analysis and management of its capital requirements, the Group 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 Group's capital management objective, policies and processes compared to the prior year. The Group is not subject to any externally imposed capital requirements.

(expressed in U.S. dollars)

13. FINANCIAL INSTRUMENTS

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

	Category		September 30, 2014		December 31, 2013
Cash and cash equivalents	Loans and receivables	$	3,883,030	$	141,338
Receivables	Loans and receivables		4,118		8,000
Accounts payable and accrued liabilities	Other financial liabilities		157,523		114,940
Bank indebtedness	Loans and receivables		-		15,000
Loans payable	Other financial liabilities		-		115,497

The recorded amounts for cash and cash equivalents, receivables, accounts payable and accrued liabilities, bank indebtedness and loan payable approximate their fair value due to their short-term nature. Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest and other income."

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 these 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 receivables are exposed to credit risk, representing maximum exposure of $3,887,148 (December 31, 2013 - $149,338). 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 September 30, 2014, the Group's cash and cash equivalents were invested in three financial institutions (December 31, 2013 – 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 September 30, 2014, the Group's current liabilities consisted of trade and other payables of $157,523 which are due primarily within three months from the period end. The Group's cash and cash equivalents of $3,883,030 at September 30, 2014, were sufficient to pay for the current liabilities.

At December 31, 2013, the Group's current liabilities consisted of trade and other payables of $114,940 which were due primarily within three months from the year end, loans payable of $115,497, due June 30, 2014 and a bank overdraft of $15,000 that was immediately due. The Group's cash and cash equivalents of $141,338 at December 31, 2013, were not sufficient to pay those current financial liabilities. Accordingly, the Company financed through additional loans until the closing of private placement as discussed in Note 9 (for gross proceeds of $5 million).

(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 September 30, 2014 and December 31, 2013, 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, $38,900 and $1,400 respectively, in the Group's interest income and equity on an annual basis.

14. FINANCIAL INSTRUMENT RISKS (continued)

(c) Market Risks (continued)

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 raises 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.

The foreign exchange risk exposure of the Group's cash and cash equivalents and accounts payable and accrued liabilities, as at September 30, 2014 is as follows:

Financial Instrument Type		Canadian Dollar	Currency		+/- 1% Fluctuation	
Cash and cash equivalents	$	159,221	CAD dollar	$	1,592	(1,592)
Accounts payable and accrued liabilities		(29,488)	CAD dollar		(295)	295
Total	$	129,733		$	1,297	(1,297)

The foreign exchange risk exposure of the Group's cash and cash equivalents and accounts payable and accrued liabilities, as at December 31, 2013 is as follows:

Financial Instrument Type		Canadian Dollar	Currency		+/- 1% Fluctuation	
Cash and cash equivalents	$	140,958	CAD dollar	$	1,410	(1,410)
Accounts payable and accrued liabilities		(51,459)	CAD dollar		(515)	515
Total	$	89,499		$	895	(895)

Other Price Risk

The Group did not hold any financial instruments that had direct exposure to other price risks at September 30, 2014 and December 31, 2013.

15. SEGMENTED DISCLOSURE

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

(expressed in U.S. dollars)

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

The Company incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended September 30, 2014	2013
Miedzi Copper Corp.	General and administration	$ 7,039	$ -
Miedzi Copper Corp.	Salaries	19,997	-
Anchor Investments Limited	Fees	27,045	-
Koval Management LLC	Fees	27,247	-
Lyle E Braaten Law Corp	Fees	7,796	-
Zen Capital & Mergers Ltd	Fees	11,437	-
		$ 100,561	$ -

Company	Nature of transactions	Nine months ended September 30, 2014	2013
Miedzi Copper Corp.	General and administration	$ 7,039	$ -
Miedzi Copper Corp.	Salaries	19,997	-
Anchor Investments Limited	Fees	27,045	-
Koval Management LLC	Fees	27,247	-
Lyle E Braaten Law Corp	Fees	7,796	-
Zen Capital & Mergers Ltd	Fees	11,437	-
		$ 100,561	$ -

Miedzi Copper Corp. ("Miedzi") is considered a company related by way of directors and shareholders in common. Anchor Investments Ltd, Koval Management LLC, Lyle E Braaten Law Corp. 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. There were no amounts payable to or receivable from these parties at September 30, 2014 (December 31, 2013 - $Nil).

The Company entered into loan agreements with four directors of Odin for a total of CAD$80,000 in December 2013 and an additional CAD$77,500 in June 2014. The initial loans incurred interest at a rate of 4% per annum until February 15, 2014 and 12% thereafter. The June 2014 loans did not bear any interest and were entered into to bridge the Company's operations pending completion of the equity financing in July 2014. All loans were repaid and/or settled in July 2014 concurrent with completion of the Company's private placement at that time. The loan transactions with related parties were at the amounts agreed between the parties and were, for the initial loans, identical to loans secured from third-party providers. For the nine months ended September 30, 2014, the Company incurred interest expense of $3,404 on the loans payable to directors (nine months ended September 30, 2013 - $Nil). At September 30, 2014, $Nil was owed to directors for loans advanced and accrued interest (December 31, 2013 - $65,814).

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 September 30, 2014	2013	Nine months ended September 30, 2014	2013
Short-term benefits (i)	$ 125,188	$ 6,000	$ 136,086	$ 18,000
Share-based payments (ii)	1,385,452	-	1,385,452	-
Total remuneration	$ 1,510,640	$ 6,000	$ 1,521,538	$ 18,000

(i) Short-term benefits include fees and salaries.
(ii) Share-based payments are the fair value of options granted to key management personnel as at the grant date.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended September 30, 2014 and 2013.

17. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the consolidated financial statements except that 200,000 stock options with an exercise price of C$1.25 per share were cancelled on October 22, 2014 following the resignation of two directors in July 2014.