ODIN

MINING & EXPLORATION LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2014

Management's Discussion and Analysis
For the Six Months Ended June 30, 2014 August 26, 2014

INTRODUCTION

Odin Mining and Exploration Ltd. ("Odin" or the "Company") is a resource exploration company with a focus on the exploration and development of projects in Ecuador. The Company currently holds, through its 100% owned subsidiaries, an interest in one project, known as "Greater Cangrejos" which is located in the foothills of the Andes in the southwest of Ecuador. Odin's head office is in Vancouver, Canada.

The Company was incorporated on March 22, 1988 and its shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "ODN."

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Odin and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the six months ended June 30, 2014 and 2013 and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.odinmining.com.

The Company reports its financial information in United States dollars and all monetary amounts set forth herein are expressed in U.S. dollars unless specifically stated otherwise. The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Company's unaudited condensed consolidated interim financial statements for the periods ended June 30, 2014 and 2013 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

Marshall Koval, P.G., is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Koval is a director of the Company and also its President and Chief Executive Officer.

FORWARD-LOOKING INFORMATION

Information and statements contained in this MD&A that are not historical facts are forward-looking information or forward-looking statements within the meaning of Canadian securities legislation and the *U.S. Private Securities Litigation Reform Act of 1995* (hereinafter collectively referred to as "forward-looking statements") that involve risks and uncertainties. This MD&A contains forward-looking statements such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- Odin's ability to raise additional financing or seek alternative ways to advance its corporate objectives;
- the Company's estimates of mineral resources, plans to continue its exploration program, and possible related discoveries or extensions of new mineralization or increases or upgrades to reported mineral resource estimates at the Los Cangrejos project in Ecuador;
- the prospects for identifying and/or acquiring additional mining concessions in Ecuador with realistic discovery potential that could add value to the company;
- permitting and regulatory requirements related to any exploration plans;
- the nature of any legislative or regulatory reform initiatives and their potential effects on Odin;
- Odin's exploration and possible acquisition of properties that are subject to option rights;
- the adequacy of the Company's working capital, the use of financing proceeds, and its ability to raise additional financing;
- the Company's ability to continue as a going concern; and
- the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "goal", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". These forward-looking statements are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors and assumptions include, but are not limited to: assumptions concerning copper, base metal and precious metal prices; cut-off grades; accuracy of mineral resource estimates and resource modeling; reliability of sampling and assay data; representativeness of mineralization; accuracy of metallurgical test work; and ability to successfully raise additional capital.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, and without limitation:

- risks relating to the Company's working capital and requirements for additional capital;
- risks relating to currency exchange fluctuations;
- risks relating to copper, base metal and precious metal price fluctuations;
- risks inherent in mineral resource estimation;
- risks relating to the Los Cangrejos project being in Ecuador, including political, social, economic, security and regulatory instability;
- risks relating to Odin's operations being subject to environmental and remediation requirements, which may increase the cost of doing business and restrict Odin's operations;
- risks of title disputes or claims;
- risks relating to being adversely affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays and changes of law;
- risks relating to failure of plant, equipment or processes to operate as anticipated;
- accidents, labour disputes and other risks of the mining industry;
- competition inherent in the mining exploration industry;
- delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities;
- risks of unpredictable natural occurrences such as adverse weather conditions, landslides and volcanic activity;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to the fact that Odin's properties are not yet in commercial production;
- risks relating to fluctuations in interest rates and tax rates,

as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors and risks that could affect the Company and may cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events, except as required by law.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and the data is subject to change based on various factors.

OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES

In order to better understand the Company's financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral property interests which occurred during the three months ended June 30, 2014 and to the date of this MD&A.

Cangrejos Project

Odin currently has one project, called "Greater Cangrejos", located in the foothills of the Andes in the southwest of Ecuador. The project lies 30 kilometres ("km") southeast of Machala, the capital of El Oro Province, and 150 km south of Guayaquil, Ecuador's largest city. The project is approximately 40 km from the port of Puerto Bolivar (located in Machala). The project has potential for the discovery of both high-tonnage, low-grade, gold-copper mineralization in a porphyry environment and of lower-tonnage, higher-grade, gold (± copper) mineralization in structurally focused settings above and peripheral to the porphyry mineralization.

The Greater Cangrejos project consists of twelve consolidated mineral titles (or concessions) covering a total area of 5,594 hectares. All the mineral titles were confirmed under Ecuador's new mining law in May 2010. Ten of the mineral titles are owned directly by the Group and the other two are being acquired from Mr. Francisco Castro Sanchez through an agreement involving an "irrevocable right to purchase". This agreement was signed on May 08, 2007 and approved by the TSX-V on September 20, 2007, although the due dates and final quantum have been subject to amendments since that date.

Within the area of the mineral titles Odin controls about 540 hectares of land / surface rights over various critical locations with respect to the conceptual targets at Greater Cangrejos. Odin owns about 380 hectares outright and is in the process of acquiring another 160 hectares through the above agreement with Mr. Castro.

Corporate Matters

The Company's primary corporate focus during the period under review was to secure sufficient funding to continue and, if possible, expand normal course operations. The Company entered into several loan agreements during 2014.

On January 21, 2014, the Company announced it had entered into seven unsecured loan agreements for a total amount of CAD$ 330,000. The loans bore interest at a rate of 4% until February 28, 2014 and 12% thereafter and were repayable on June 30, 2014. An additional amount of CAD$ 100,000 was secured from two of the lender parties in June 2014.

On June 4, 2014, the Company completed a one for five share consolidation which reduced the outstanding common shares from 98,791,243 to 19,758,251.

On July 22, 2014, the Company completed a non-brokered private placement of 95,386,667 common shares for gross proceeds of $5,000,000. The proceeds of this financing were to be used as follows:

(1) To drill a minimum of 15,000 metres on the Company's mineral properties, reasonably budgeted at an all-inclusive cost of $3 million;
(2) Approximately CAD$200,000 to repay outstanding indebtedness (paid CAD$210,915 including accrued interest);
(3) $460,000 to meet certain of Odin's payment obligations pursuant to an existing property agreement (paid); and,
(4) The balance for general corporate working capital purposes.

Concurrent with closing the private placement, 4,205,433 common shares were issued in consideration for settlement of outstanding loans in the amount of CAD$ 236,556 (including accrued interest of CAD$6,556).

Following completion of the private placement, Levi Giesbrecht, Mauricio Ledesma and Daniel Noone resigned as directors of the Company and were replaced by Donald Shumka, Lyle Braaten, Marshall Koval and Michael Steinmann. Marshall Koval was appointed as Odin's Chief Executive Officer, Martin Rip was appointed Chief Financial Officer, Lyle Braaten was appointed VP Legal Counsel, Leo Hathaway was appointed VP Exploration and John Youle was appointed VP Corporate Affairs. Stephen Stow remained a director of the Company and Mauricio Ledesma will continue to act as a consultant.

OUTLOOK

The Company's business remains focused on the maintenance of its existing prospective mining properties, the evaluation of properties subject to option agreements, and the assessment of alternative exploration opportunities in Ecuador. The carrying out of early-stage mineral exploration on properties offered to Odin is only undertaken on those having realistic discovery potential. In the event that early stage exploration proves fruitful, the Company may seek further funding to advance exploration and/or opt to proceed to development and production.

The Company is currently planning to undertake a drilling program on the Greater Cangrejos project and has solicited bids from five drilling contractors for a phase 1 program, which is expected to commence in September 2014.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2014 and 2013 along with other public disclosure documents of the Company.

For the three and six months ended June 30, 2014, the Company reported net losses of $209,887 and $332,851, respectively, compared to $50,493 and $115,970 for each of the three and six months ended June 30, 2013. Throughout 2013 and for the six months ended June 30, 2014, the Company has operated under a care and maintenance approach due to insufficient available funding to proceed with an active drilling program. Further details and discussion of the Company's expenses are described below.

Operating Expenses

Fees, salaries and other employee benefits: For the three and six months ended June 30, 2014, the Group recorded fees and salaries expense of $26,801 and $40,685, respectively, which were broadly consistent with the prior year's equivalent periods at

$21,660 and $40,386. These costs represent payments to administrative support staff in Canada and Ecuador and management fees paid to one active corporate manager in Ecuador.

General and administration ("G&A"): G&A costs were $29,429 and $41,330 for the three and six month periods ended June 30, 2014, compared to $12,005 and $24,666 for the three and six months ended June 30, 2013. The increased costs in 2014 relate to $18,156 of financing costs incurred with the loans that the Company entered into in December 2013 and January 2014. The financing costs were fully accreted at June 30, 2014, being the due date for the loans.

Interest expense: The Company recorded interest expense of $9,493 and $14,679 for the three and six months ended June 30, 2014 (prior year periods - $Nil) relating to the loans entered into by the Company. The loans were repaid (or converted to common shares) in July 2014.

Foreign exchange loss: The Company reported foreign exchange losses of $12,194 and $11,232 for the three and six months ended June 30, 2014 (2013 – $13,854 and $25,009). The Company conducts its business using several currencies including the Canadian dollar and U.S. dollar while the functional currency for financial reporting purposes is the U.S. dollar. Accordingly, fluctuations in foreign exchange rates impact the reported income / expenses of the Company. A summary of the Company's foreign currency exposure can be reviewed at Note 13(c) to the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2014.

Greater Cangrejos Project

The Company's primary asset is the Greater Cangrejos Project which is an exploration and evaluation asset for accounting purposes. The Company capitalizes costs incurred in connection with the acquisition and exploration of its exploration and evaluation interests. At June 30, 2014, the carrying value of the exploration and evaluation asset related to the Greater Cangrejos Project was $1 (December 31, 2013 - $1; June 30, 2013 - $2,971,556). A total of $192,503 was incurred on the Company's exploration and evaluation asset during the six months ended June 30, 2014, compared to $390,270 for the six months ended June 30, 2013. Details of the expenditures are disclosed in Note 6 of the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2014. Overall spending on the Greater Cangrejos Project decreased during the period under review compared to the prior year equivalent period as the Company has focused on cost-saving measures while working to obtain additional financing.

During the year ended December 31, 2013, management identified that there were indicators of impairment concerning the Greater Cangrejos Project, as well as lack of available equity financing. As a result, the carrying value of the Greater Cangrejos Project at December 31, 2013, was impaired to a value of $1. These conditions remained present at June 30, 2014 leading to an increase in the impairment provision of $192,503 for the six months ended June 30, 2014.

Related Party Transactions

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. Further details around the loans and related party balances can be found in Notes 7 and 15 to the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013. Transactions with related parties are at the amounts agreed between the parties and were, for the initial loans, identical to loans secured from third-party providers. At June 30, 2014, $151,100 in principal and accrued interest was owed under the loans from directors.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters.

Three Months Ended:	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Revenue	$ -	$ -	$ -	$ -
Expenses	87,534	41,965	91,216	48,192
Other expenses (income)	122,353	80,999	126,796	3,197,047
Net loss for the period	209,887	122,964	218,012	3,245,239
Basic and diluted loss per share[(1)]	0.01	0.01	0.01	0.15

[(1)] After giving effect to share consolidation on June 4, 2014.

Three Months Ended:	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**
Revenue	$ -	$ -	$ -	$ -
Expenses	37,785	56,107	106,089	57,805
Other expenses (income)	12,708	9,370	(12,508)	(153,832)
Net loss (income) for the period	50,493	65,477	93,581	(96,027)
Basic and diluted loss (earnings) per share(1)	0.00	0.01	0.00	(0.00)

(1) After giving effect to share consolidation on June 4, 2014.

As discussed in this MD&A, the Company's focus has been to minimize costs as the Company sought longer-term financing to carry out a drilling program. Accordingly, overhead and G&A type costs have been minimized.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Odin's expenses and mineral property costs is provided in the unaudited condensed consolidated interim statements of comprehensive loss and in Note 6 of Company's unaudited condensed consolidated interim financial statements for the periods ended June 30, 2014 and 2013.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, the Company had cash and cash equivalents of $83,803 compared to cash and cash equivalents of $141,338 at December 31, 2013. The Company's working capital at June 30, 2014 was a deficit of $405,314 compared to deficit of $88,017 at December 31, 2013. The Company's cash and current assets, at June 30, 2014, were not sufficient to meet the Company's current liabilities without raising additional capital or extending or increasing the outstanding loans advanced to the Company.

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under IFRS. Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

At June 30, 2014, the majority of the Company's cash and cash equivalents was held at HSBC, a major chartered bank in Canada, and approximately $33,000 was held at one bank in Ecuador. There are no known liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements at June 30, 2014.

As described earlier in this MD&A under "Overview of Significant Events and Review of Activities – Corporate Matters," the Company closed a private placement for gross proceeds of $5,000,000 in July 2014. Following the closing of the financing, the Company has eliminated all loan debt and made its committed $460,000 property option payment due in July 2014. The Company plans to commence a drilling program and has a further option payment that is due on July 30, 2015 in the amount of $1,400,000. The Company is also currently compiling and evaluating a budget through to the end of July 2015. Actual amounts and timing of expenditures will be determined as drill results are received and analyzed at which time further evaluation of work programs will occur.

While the financing raised sufficient funds for the Company to commence a drilling program, additional financing will be required to ensure the continuance of operations beyond the end of July 2015, especially if the option payment of $1.4 million is retained. Accordingly, the Company will need to secure additional financing in the future. However, there can be no assurance that the Company will be successful in raising additional funding, or that such funding will be available on terms that are satisfactory to the Company.

To date, the capital requirements of Odin have been met by equity or loan proceeds. As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company at June 30, 2014, the Company has incurred cumulative losses of $15,099,740 as at June 30, 2014. The Company's ability to continue as a going concern is dependent upon successfully obtaining additional financing. The ability to raise additional financing, for future activities beyond those contemplated by the aforementioned financing activity, may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets or depressed commodity prices. This is discussed in more detail in the "Risks and Uncertainties" section of this MD&A.

FINANCIAL INSTRUMENTS

At June 30, 2014, the Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and loans payable. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of the Company's financial instruments approximate their carrying values due to their short term to maturity or capacity for prompt liquidation.

The Company's financial instruments have been classified as follows under IFRS:

- Cash and cash equivalents: loans and receivables.
- Receivables: loans and receivables.
- Accounts payable and accrued liabilities: other financial liabilities.
- Loans payable: other financial liabilities.

The types of financial risk exposure and the way in which such exposure is managed by the Company is as follows:

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments, as disclosed in Note 13(a) to the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2014.

The Company's exposure to credit risk on its cash and cash equivalents is limited by maintaining these assets with high-credit quality financial institutions. The Company may be exposed to the credit risk of its bank in Ecuador which hold cash for the Company's Ecuadorean operations. The Company limits its exposure to this risk by maintaining minimal cash balances in Ecuador, normally sufficient to fund the next month's operations.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company typically forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and loan advances.

At June 30, 2014, the Company's current liabilities consisted of accounts payable and accrued liabilities of $94,476 which are due primarily within the next quarter and loans payable of $402,996 which were due June 30, 2014. The Company's cash of $83,803 at June 30, 2014 was not sufficient to pay these current liabilities. As discussed in the section "Liquidity and Capital Resources" earlier in this MD&A, the Company completed a $5 million financing in July 2014 which has eliminated the short-term working capital deficit.

Market Risks

The market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Included in net loss for the six months ended June 30, 2014 is interest income earned on the Company's cash and cash equivalents. Based on the Company's cash and cash equivalents at June 30, 2014, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in a decrease or increase to the Company's net loss of approximately $840 (on an annualized basis).

Currency Risk

The functional currency of the Company and its subsidiaries is the U.S. dollar. The carrying amounts of monetary assets and 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 Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the U.S. dollar and Canadian dollar and the degree of volatility of these rates. The Company raises funds from equity financings primarily in U.S. dollars. Canadian G&A expenses are primarily paid in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks.

At June 30, 2014 the Company's cash and cash equivalents were primarily held in Canadian and U.S. dollars as disclosed in Note 3 of the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2014. The Company estimates that a 1% fluctuation in foreign currency exchange rates compared to the U.S. dollar would have an impact of approximately $200 to the results of operations based upon the foreign currency financial instruments (including cash and cash equivalents) held at June 30, 2014.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's ability to access capital markets due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on net income and economic value due to commodity price movements and volatilities. The Company currently holds no financial instruments that have direct exposure to other price risks at June 30, 2014.

SHARE CAPITAL

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common shares:	119,350,351	
Common share purchase options:	645,000	exercisable between CAD$0.85 - CAD$1.25 per option.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment can also be found at Note 4 in the Company's audited consolidated financial statements for the year ended December 31, 2013 and Note 2(d) to the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014.

Determination of functional currency

The determination of functional currency of the Company and its subsidiaries requires an analysis of various indicators which IFRS splits between primary and additional indicators. Management review and consideration lead to the determination that the functional currency for Odin and its subsidiaries is the U.S. dollar given that the Company seeks to raise equity financing in U.S. dollars and incurs a majority of expenditures in U.S. dollars, especially with regard to Ecuador which has adopted the U.S. dollar. A more detailed description of the IFRS indicators can be viewed at Note 2(d) of the Company's unaudited condensed consolidated interim financial statements for the period ended June 30, 2014.

Exploration and evaluation assets (mineral property costs)

Subsequent to acquiring the right to explore an area of interest, the Company capitalizes all costs related to the exploration and evaluation of potential mineral resources on a property by property basis. Such costs include mineral property acquisition costs and the exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property sold or the mineral rights are allowed to lapse.

The capitalized costs are reviewed by management to consider whether there are any conditions that may indicate impairment. When the carrying value of a mineral exploration property exceeds its net recoverable amount estimated by, for example, quantifiable evidence of an economic mineral resource or reserve or the Company's assessment of its ability to sell the property for an amount less than the deferred costs, the property is written down to its fair value to recognize the impairment.

Deferred tax assets

Management assesses the probability of future taxable income against which deferred tax assets can be utilized. Such information is based on the Company'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 Company and its subsidiaries operate. These assessments can change materially over time as a result of the Company's plans and activities as well as amended tax laws being enacted by relevant tax authorities.

CHANGES IN ACCOUNTING STANDARDS

The IASB, from time to time, issues new accounting standards that may impact the Company's future reported financial statements:

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 – *Financial Instruments* which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted.

Management has yet to assess the impact that this amendment is likely to have on the Company's consolidated financial statements.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, market price for metals, social, political, financial and economic. Additionally, due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance and are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

(1) The mineral property interests of the Company are in the exploration stage only and consequently, exploration of the Company's mineral property interests may not result in any discoveries of commercial bodies of mineralization.

The property interests owned by the Company are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The Company's mineral exploration activities may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

(2) The business of exploration for minerals involves a high degree of risk; as a result, few properties that are explored are ultimately developed into producing mines.

The Company's exploration activities are subject to a high degree of risk due to factors that, in some cases, cannot be foreseen or anticipated. The operations of the Company may be disrupted by a variety of risks and hazards which may be beyond the control of the Company. These risks include, but are not limited to, labour disruptions, the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment and consultants or other experts. In addition, the Company may be unable to acquire or obtain such things as water rights and surface rights, which may be critical for the continued advancement of exploration activities on its mineral property rights.

(3) Government expropriation may result in the total loss of the Company's mineral property interests.

Even if the Company's mineral property interests are proven to host economic mineral resources of copper or other precious or non-precious metals, governmental expropriation may result in the total loss of the Company's mineral property interests without any compensation to the Company.

(4) Governmental regulation may have negative impacts on the Company.

The Company's assets and activities are subject to extensive Canadian and Ecuadorian federal, state, provincial, territorial and local laws and regulations governing various matters, including, but not limited to:

- environmental legislation and protection;
- management and use of toxic substances and explosives;
- management of natural resources;
- exploration, development of mines, production and post-closure reclamation;
- exports;
- taxation;
- mining royalties;
- onerous development requirements;
- restrictions on the movement of capital into and out of Ecuador which could impact the Company's ability to repatriate funds and therefore, pay dividends;
- labour standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations or more stringent application and enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations, and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits against the Company based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It is difficult to strictly comply with all regulations imposed on the Company. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business; however, there is no certainty that the Company will continuously be compliant with all applicable laws. The failure to comply with all applicable laws could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

(5) Failure to comply strictly with applicable mining laws, regulations and local practices may have a material adverse impact on the Company's operations or business.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction, cancellation or expropriations of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Further, the increasing complexity of mining laws and regulations may render the Company incapable of strict compliance.

(6) The exploration and future development of the Company's property interests is subject to extensive environmental laws and regulations.

The Company's exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and protected species. The Company's ability to obtain permits and approvals and to successfully operate in particular locations may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Company's ability to explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply with such laws and regulations and to the extent possible, create social and economic benefit in nearby communities. From time to time, the Greater Cangrejos mineral properties have been subject to illegal mining activity which has been reported and dealt with by the Company using legal channels in Ecuador. However, the Company may be required to remediate impacted areas from the activities that were carried out. Future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's financial condition.

(7) The Company may not be able to obtain or renew permits that are necessary to its operations.

In the ordinary course of business, the Company is required to obtain and renew governmental permits for existing operations and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and may involve public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

(8) The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause the Company to go out of business.

The Company has no revenues from ongoing operations and has recorded significant accumulated losses. Based upon current plans, the Company expects to incur operating losses in future periods due to continuing expenses associated with the holding and exploration of the Company's mineral property interests. The Company has limited financial resources and its ability to achieve and maintain profitability and positive cash flow is dependent upon the Company being able to:

- locate a profitable mineral property;
- generate revenues in excess of expenditures; and
- contain exploration and administrative costs in the event revenues are insufficient, in order to preserve available cash.

Additional funds raised by the Company through the issuance of equity or convertible debt securities will cause the Company's current shareholders to experience dilution. Such securities may grant rights, preferences or privileges senior to those of the Company's common shareholders. There is no certainty the Company will be able to raise funds in the event it needs to do so.

The Company does not have any contractual restrictions on its ability to incur debt and accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain covenants, which would restrict the Company's operations.

(9) The mineral exploration industry is intensely competitive in all its phases and the Company competes with many companies possessing greater financial resources and technical abilities.

The mineral exploration industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical abilities than itself for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

(10) Substantial expenditures are required to be made by the Company to establish mineral reserves and the Company may not either discover minerals in sufficient quantities or grade or may not have the necessary required funds.

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with the Canadian Institute of Mining (CIM) Guidelines. Although substantial benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify commercial operation and the funds required for development may not be obtained on a timely basis. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grade of mineral ultimately mined may differ from that indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

(11) Risks relating to estimates of mineral resources, production, purchases, costs, decommissioning or reclamation expenses, proving to be inaccurate.

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- mineral resource or other mineralization figures or estimates of costs (including initial capital costs and initial capital intensity) and expenses will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The mineral resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for copper or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization.

The estimated parameters for the Company's projects may be changed as development and mining plans continue to be developed and refined. These parameters include estimates of how plants, equipment and processes may operate in the future at the Company's projects, which estimates may prove to be incorrect.

Any material alteration in the above noted estimates, or of the Company's ability to extract mineralization from its projects, could have a material adverse effect on the Company's results of operations or financial condition.

(12) The inherent operational risks associated with mining and mineral exploration, development, mine construction and operating activities, many of which are beyond the Company's control.

The Company's exploration activities are subject to a high degree of risk due to factors that, in some cases, cannot be foreseen or anticipated. The operations of the Company may be disrupted by a variety of risks and hazards, which may be beyond the control of the Company. These risks include, but are not limited to, labour disruptions, the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment and consultants or other experts. In addition, the Company may be unable to acquire or obtain such things as water rights and surface rights, which may be critical for the continued advancement of exploration activities on its mineral property rights.

(13) Inadequate infrastructure may adversely affect the Company's operations and profitability.

Mining, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company's project. If adequate infrastructure is not available in a timely manner, there can be no assurance that the development of the Company's project will be commenced or completed on a timely basis, if at all. In addition, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

(14) The Company currently has limited insurance covering its assets or operations and as a consequence, could incur considerable costs.

Mineral exploration involves risks, which, even with a combination of experience, knowledge and careful evaluation, mineral exploration companies may not be able to overcome. Operations in which the Company has a direct or indirect interest may be subject to all the hazards and risks normally incidental to exploration of precious and non-precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company presently has very limited commercial liability insurance and does not presently intend to increase its liability insurance. As a result of having limited insurance, the Company could incur significant costs that could have a materially adverse effect upon its financial condition and even cause the Company to cease operations. To date, the Company has not experienced any material losses due to hazards arising from its operations.

(15) The Company's mineral property interests may be subject to prior unregistered agreements or transfers and as such title to some of the Company's mineral property interests may be affected.

Although the Company has sought and received such representations as it has been able to achieve from vendors in connection with the acquisition of or options to acquire an interest in its mining properties and has conducted limited investigations of legal title to each such property, the mining properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

(16) The price of copper, base and precious metals has fluctuated widely in recent years and may adversely affect the economic viability of any of the Company's mineral properties.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of copper and other precious and non-precious metals. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control, including: international economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; consumption patterns; speculative activities; and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of copper, base and precious metals and therefore, the economic viability of any of the Company's mining properties, cannot be accurately predicted, but may adversely affect the Company's operations and its ability to raise capital.

(17) All of the Company's subsidiaries and its mineral properties are in foreign countries and as such, that portion of Company's business may be exposed to various levels of political, economic and other risks and uncertainties.

As the Company's mineral properties, and related subsidiary company, are located in Ecuador, a developing country, it is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining operations and the government's enforcement of norms restricting these activities; changes in taxation and mining policies, laws and regulations; changes to the foreign exchange regime; changes to the currency regime; restrictions on repatriation; and changing political conditions, currency controls and governmental regulations that may favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. The status of Ecuador as a developing country may make it more difficult for the Company to obtain any required exploration financing for its projects.

Changes, if any, in mining or investment policies or shifts in political attitude in Ecuador or El Oro Department may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittances; taxes, including income taxes, property taxes, and windfall taxes; royalties; expropriation of property; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people; illegal mining operations; water use; and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or potential profitability.

(18) The Company's foreign subsidiary operations may impact the ability to fund operations efficiently and may impact the Company's valuation and stock price.

The Company conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

(19) The possible issuance of additional shares may impact the value of the Company's common shares.

The Company is authorized to issue up to 200,000,000 common shares without par value. The Company may issue more common shares in the future. Sales of substantial amounts of common shares (including shares issuable upon the exercise of stock options), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.

(20) The Company's future performance is dependent on key personnel. The loss of the services of any of the Company's and its subsidiary's executives or directors could have a material adverse effect on the Company's business.

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its board of directors. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of its executives or directors. The Company has limited resources and is currently unable to compete with larger organizations with respect to compensation and perquisites.

(21) The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar and Canadian dollar.

The Company's overseas expenditures are predominantly in U.S. dollars. The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar and Canadian dollar, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.