OBAN MINING CORPORATION
**(Formerly Braeval Mining Corporation)**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 and 2013

*The following discussion and analysis is management's assessment of the results and financial condition of Oban Mining Corporation (formerly Braeval Mining Corporation), ("**Oban**" or the "**Corporation**"). This management's discussion and analysis ("**MD&A**") should be read in conjunction with the Corporation's interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2014 and September 30, 2013 and the Corporation's audited consolidated financial statements and related notes for the years ended December 31, 2013 and December 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The MD&A should also be read in conjunction with the Corporation's annual information form dated March 24, 2014 for the year ended December 31, 2013 ("**AIF**"), which is available under the Corporation's issuer profile on SEDAR at www.sedar.com. The date of this MD&A is November 12, 2014.*

*The "Qualified Person" under the guidelines of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") of the Canadian Securities Administrators for technical information relating to Oban's mineral projects in the following MD&A is Gernot Wober, a resident of Ontario and a Professional Geologist registered with the Professional Engineers and Geoscientists of British Columbia. Certain scientific and technical information was derived from the technical report titled "NI 43-101 Technical Report for the Antamayo Copper Skarn Project, Department of Ancash, Peru" dated February 21st, 2014 and effective January 15th, 2014 (the "**Antamayo Technical Report**") as well as "NI 43-101 Technical Report for the Marcahui Porphyry Copper Project, Province of Caraveli, Department of Arequipa, Peru" dated March 19th, 2014 and effective August 3rd, 2012 (the "**Marcahui Technical Report**"), and the "NI 43-101 Technical Report for the Huancavelica Lithocaps Project, Department of Huancavelica, Peru", dated January 31, 2013 and effective January 14, 2013 (the "**Lithocaps Technical Report**" and together with the Antamayo Technical Report and the Marcahui Technical Report, the "**Technical Reports**"), all reports have been prepared by Dr. Stewart D. Redwood, BSc (Hons), PhD, FIMMM, FGS, Consulting Geologist, and a "Qualified Person" under NI 43-101. Dr. Stewart D. Redwood has reviewed the technical information in this MD&A with respect to the Antamayo Copper Skarn Project, Peru, the Marcahui Copper Project, Peru and the Huancavelica Lithocaps Gold Project, Peru. Mr. Gernot Wober, B.Sc., P.Geol. Vice President - Exploration of the Corporation, and Dr. Stewart D. Redwood have reviewed the technical information in this MD&A with respect to properties other than the Antamayo, Marcahui Copper Projects and Huancavelica Lithocaps Gold Project. The Technical Reports are available on SEDAR at www.sedar.com, and on the Corporation website at www.obanmining.com.*

*Unless otherwise indicated herein, references to "$" are to Canadian dollars, and references to "USD$" are to United States dollars.*

## FORWARD-LOOKING INFORMATION

*This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking information**") which may include, but is not limited to, information with respect to the future financial or operating performance of the Corporation, the Corporation's mineral projects, the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production (if any), capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and mineral exploration activities, environmental risks, reclamation expenses, title disputes or claims and limitations of insurance coverage. Often, but not always, forward-looking information can be identified by the use of words and phrases such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative 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.*

*Forward-looking information is based on the opinions and estimates of management as of the date such information is given and is based on various assumptions such as but not limited to continued political stability in the South American countries in which the Corporation operates, that permits required for the Corporation's operations will be obtained in a timely basis in order to permit the Corporation to proceed on schedule with its planned drilling programs, that skilled personnel and contractors will be available as the Corporation's operations continue to grow, that the price of gold will exceed levels that will render the project economical, or that the Corporation will be able to continue raising the necessary capital to finance its operations and realize on its mineral resource estimates.*

*Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations of grade or recovery rates; failure of plant and equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities.*

*Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information 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 information.*

## UPDATES DURING THE NINE MONTHS ENDED SEPTEMBER 30, 2014

On April 14th, 2014, the Corporation completed its previously announced business combination (the "**Business Combination**") pursuant to a business combination agreement (the "**Business Combination Agreement**") dated February 21, 2014 between the Corporation, Oban Exploration Limited ("**OEL**") and a wholly-owned subsidiary of the Corporation. The Business Combination was effected by way of a three-cornered amalgamation, whereby OEL amalgamated with a wholly owned subsidiary of the Corporation, resulting in the Corporation acquiring all of OEL's assets.

On May 2nd, 2014, the Corporation noted the announcement of Promesa Limited (ASX:PRA) ("**Promesa**") dated April 29, 2014, regarding the results of drill core interpretation which indicate the potential discovery of a copper mineralized body as well as certain additional drilling results at the Corporation's Magdalena property in northern Peru, referred to by Promesa as the Alumbre Project.

On May 7th, 2014, the Corporation provided details of its 2014 exploration plans at the Antamayo Skarn Project (approx. 15,000 ha) in Ancash, Peru and on the other properties in Peru.

On August 5th, 2014, the Corporation announced that Teck Peru S.A. ("**Teck**") has decided to terminate its option agreement (the "**Teck Agreement**") with respect to the Marcahui property (the "**Marcahui Project**"). Pursuant to the Teck Agreement, Teck had the option to acquire a 75% interest in the Marcahui Project by incurring an aggregate of USD$6,000,000 in exploration expenditures. Teck has completed their initial drilling campaign and advised the Corporation of its termination of the Teck Agreement. The Corporation has re-negotiated an extension of the remaining option payment on the property with the titleholder for one year, now due on September 6, 2015.

On October 21st, 2014, the Corporation announced that it will take steps to formally terminate its option agreement with Mitsui Mining & Smelting Co. Ltd ("**Mitsui**") with respect to the Antamayo property. The Corporation has recognized a write off of $13,346,010 on the property in relation to this project after considering drill results in the quarter ended September 30, 2014.

## 1. DESCRIPTION OF BUSINESS

The Corporation was incorporated on February 26, 2010 under the *Business Corporations Act* (Ontario). The Corporation's focus is the exploration and development of precious metals resource properties in the Americas. Currently, the Corporation is exploring in Peru and looking for new opportunities in a distressed market.

### *Acquisition of Oban Exploration Limited*

On April 14, 2014 the Corporation completed the acquisition (the "**Acquisition**") of OEL, by way of a three-cornered amalgamation, whereby OEL amalgamated with a wholly owned subsidiary of the Corporation. In connection with the Acquisition, the Corporation amended its articles to consolidate the common shares of the Corporation (the "**Common Shares**") on the basis of one post-consolidation Common Share for every 3.14 pre-consolidation Common Shares and changed its name to "Oban Mining Corporation". The Common Shares commenced trading on the Toronto Stock Exchange ("**TSX**") on a consolidated basis under the new symbol "OBM" on April 22, 2014.

Under the terms of the Acquisition, the holders of the Common Shares of OEL received 0.914 of a Common Share (on a post-consolidation basis) for each Common Share of OEL so held, for an aggregate of 70,019,211 Common Shares. Upon completion of the Acquisition, including the consolidation, the Corporation had 99,881,561 Common Shares issued and outstanding on an undiluted basis, approximately 70% of which were held by former shareholders of OEL and approximately 30% of which were held by former shareholders of the Corporation immediately prior to the effective time of the Acquisition.

This transaction has been accounted for as an acquisition of assets and liabilities as neither the Corporation nor OEL meet the definition of a business under IFRS 3. The acquisition of the assets of OEL was recorded at the fair value of the assets acquired of $25,280,459, plus directly attributable transaction costs of $505,577. Additional transaction costs incurred by the Corporation in the amount of $160,373 were also incurred, which have been capitalized to the exploration and evaluation assets acquired from OEL.

The following table describes the estimated fair value of assets acquired and liabilities assumed as at the date of the Acquisition:

| Net Assets Acquired | |
|---|---|
| Cash | 4,904,270 |
| Current Assets | 79,387 |
| VAT Receivable | 1,148,186 |
| Plant and Equipment | 59,167 |
| Exploration and Evaluation Assets | 19,875,430 |
| Current Liabilities | (280,404) |
| **Total Net Assets acquired** | **25,786,036** |

| Consideration | |
|---|---|
| Share Capital | 25,280,459 |
| Transaction Costs | 505,577 |
| **Total Net Assets acquired** | **25,786,036** |

Prior to entering into the Business Combination Agreement, the board of directors and the special committee of the board of directors of the Corporation were provided with a formal valuation by Klein Farber Corporate Finance Inc., setting out the range of values representing the fair market value of the OEL common shares to be acquired by the Corporation.

***Exploration Strategy***

The Corporation's exploration strategy is focused on finding high-grade, low operational cost projects in the Americas. The Corporation's major projects are Antamayo, Marcahui and Arcopunco, all located within Northern Central Peru. The Corporation has, however, decided to terminate its option agreement with Mitsui in respect of the Antamayo Project (see *"Mineral Property Activities – Antamayo Project"*).

The Corporation is conducting an exploration program divided into four phases. The four phases are defined from the very beginning of the exploration process. The first phase ("**Phase I**") consists of identifying areas that comprise geological potential. The second phase ("**Phase II**") consists of systematic geochemical sampling and geophysics if necessary to define drilling targets. The third phase ("**Phase III**") includes the first drilling campaign in order to identify and quantify the extension of the deposit.

## 2. SUMMARY OF MINERAL PROPERTIES

The Corporation's various mineral properties acquired in connection with the Acquisition are located within Peru, and summarized below:

| Continuing Exploration Properties * | Mineral Resource | Location | Status |
|---|---|---|---|
| Marcahui Project | Copper | Peru | Claims under option |
| Antamayo Project | Copper | Peru | In process of termination |
| Arcopunco Project | Gold | Peru | Claims under option |
| Magdalena Project | Copper | Peru | Optioned out |
| Bermejo Project | Copper | Peru | Owned 100% |
| Chosicano Project | Copper/Gold | Peru | Terminated |
| Low Capital Cost Prospects | Copper/Gold | Peru | Owned 100% |
| Deep Skarn Prospects | Copper/Gold | Peru | Owned 100% |
| Lithocaps Prospects | Copper/Gold | Peru | Owned 100% |

## 3. MINERAL PROPERTY ACTIVITIES

### *3.1 Marcahui Project*

The Marcahui Project is a porphyry copper project located in Peru, 527km south of Lima, in the province of Arequipa, district of Quicacha. The project comprises an area of 1,200 hectares ("ha"), lies at low elevation and is close to infrastructure.

On October 15, 2013, the Corporation entered into an option agreement with a non-related party ("optionee") under which the optionee has the option to acquire 75% of the Corporation's interest in the Marcahui Project through a joint arrangement, by incurring an aggregate of USD$6,000,000 in exploration expenditures, including 10,000 meters ("m") of drilling, from which a minimum of USD$1,000,000, including 1,500 m of drilling, are to be incurred on or before August 31, 2014 and the remaining expenditures are to be incurred on or before August 31, 2017. Subsequent to September 30, 2014, the optionee notified the Corporation of the termination of this option agreement; accordingly, the Corporation amended the agreement with the titleholder to extend the due date of the final USD$2,000,000 payment one year, to September 6, 2015.

The Corporation is currently in the process of reviewing the previous drilling campaign completed by the optionee. Based on the review, the Corporation will plan the 2015 exploration campaign on the Marcahui Project.

The Corporation has filed a technical report on the Marcahui Project titled "NI 43-101 Technical Report for the Marcahui Porphyry Copper Project, Province of Caraveli, Department of Arequipa, Peru" dated August 3rd, 2012 and effective March 19th, 2014 which was prepared by Dr. Stewart D. Redwood, B.Sc. (Hons), PhD, FIMMM, FGS, in accordance with NI 43-101 requirements (the Marcahui Technical Report). The Marcahui Technical Report is available on SEDAR at www.sedar.com.

### *3.2 Antamayo Project*

The Antamayo Project is an optioned property located in the province of Ancash in Central Peru.

The Corporation is required to make payments to the titleholder totaling USD$1,000,000 over three years for 70% interest, and an additional payment of USD$9,000,000 to earn the final 30% interest. The Corporation was required to incur a total of USD$3,000,000 of minimum exploration expenditures over the three year term of the agreement, which has been fulfilled as of September 30, 2014. The Corporation paid USD$50,000 upon signing the agreement, USD$100,000 in August 2012, and USD$250,000 in August 2013. If the Corporation decides not to earn the additional 30% interest after the cash payments and expenditures have been completed, a joint venture will be formed with the Corporation as sole operator.

During the quarter ended September 30, 2014, the Corporation completed the final drill campaign of nine holes totaling 6,475 m, which did not intersect significant copper mineralization (see Table 1). The diamond drill program identified two wide zones of skarn alteration in two separate areas, thus verifying that the concept of a blind skarn deposit at depth was correct. However, the mineralization in the system encountered was not significant enough for the Corporation to justify further drilling or exploration. On October 21$^{st}$, 2014 the Corporation announced that it would take steps to formally terminate its option agreement with Mitsui, the titleholder, with respect to the property. The Corporation has recognized a write off of $13,346,010 on the property in relation to this project after considering drill results in the quarter ended September 30, 2014.

| HOLEID | FROM | TO | LENGTH (M) | % Cu |
|---|---|---|---|---|
| ANT-13-01 | 192.60 | 206.00 | 13.40 | 0.162 |
| ANT-13-02 | 103.68 | 109.86 | 6.18 | 0.470 |
| ANT-13-03 | 349.60 | 374.05 | 24.45 | 0.648 |
| ANT-13-03 | 376.43 | 378.81 | 2.38 | 0.329 |
| ANT-13-03 | 387.89 | 389.14 | 1.25 | 2.410 |
| ANT-13-03 | 922.70 | 928.10 | 5.40 | 0.206 |
| ANT-13-04 | 750.77 | 772.90 | 22.13 | 0.221 |
| ANT-13-04 | 781.28 | 785.96 | 4.68 | 0.154 |
| ANT-13-04 | 806.09 | 818.66 | 12.57 | 0.193 |
| ANT-13-04 | 830.14 | 838.53 | 8.39 | 0.115 |
| ANT-13-04 | 853.60 | 862.37 | 8.77 | 0.544 |
| ANT-13-05 | 368.70 | 374.07 | 5.37 | 0.199 |
| ANT-13-05 | 382.29 | 383.53 | 1.24 | 0.388 |
| ANT-13-05 | 444.80 | 486.3 | 41.5 | 0.516 |
| ANT-13-05 | 526.30 | 530.42 | 4.12 | 0.334 |
| ANT-13-05 | 549.53 | 551.40 | 1.87 | 1.214 |
| ANT-13-05 | 689.00 | 694.55 | 5.55 | 0.271 |
| ANT-14-06 | (no mineralization encountered) | | | |
| ANT-14-07 | 100.90 | 102.10 | 1.20 | 0.810 |
| ANT-14-07 | 144.80 | 146.20 | 1.40 | 0.370 |
| ANT-14-08 | 184.44 | 194.44 | 10.00 | 0.100 |
| ANT-14-09 | 471.06 | 476.81 | 5.75 | 0.110 |
| ANT-14-09 | 485.50 | 491.15 | 5.65 | 0.680 |
| ANT-14-09 | 516.00 | 517.41 | 1.41 | 0.250 |
| ANT-14-09 | 528.14 | 530.40 | 2.26 | 0.450 |
| ANT-14-09 | 537.10 | 540.74 | 3.64 | 0.160 |
| ANT-14-09 | 544.70 | 546.30 | 1.60 | 0.250 |

Table 1 – Antamayo best drill intercepts 2013 to 2014 from the nine holes totaling 6,475m.

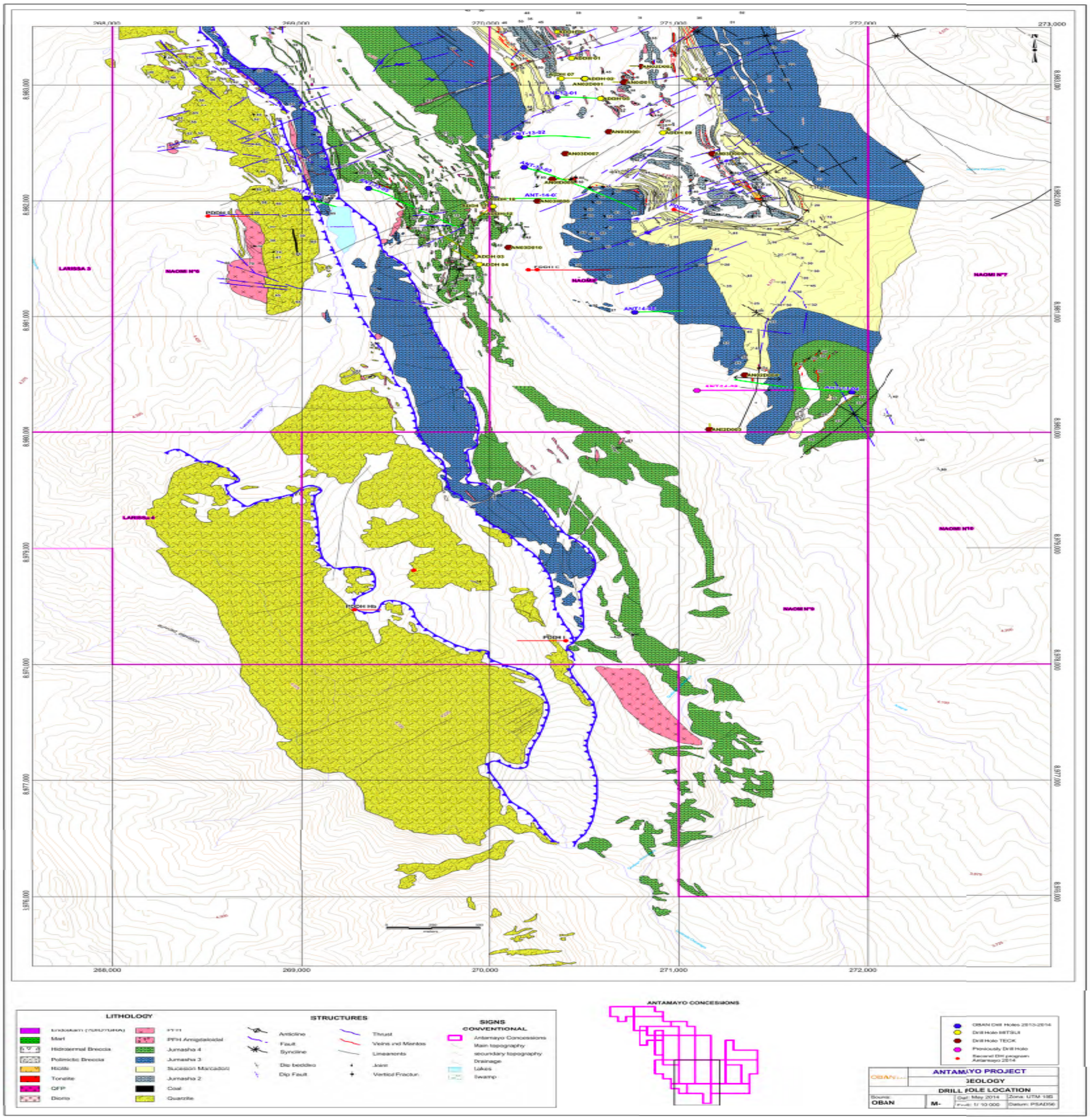


Figure 1 – Location of the latest drill hole collars.

The Corporation has filed a technical report on the Antamayo Project titled "NI 43-101 Technical Report for the Antamayo Copper Skarn Project, Department of Ancash, Peru" dated February 21st, 2014 and effective January 15th, 2014, which was prepared by Dr. Stewart D. Redwood, B.Sc. (Hons), PhD, FIMMM, FGS, in accordance with NI 43-101 requirements (the "**Antamayo Technical Report**"). The Antamayo Technical Report is available on SEDAR at www.sedar.com.

### *3.3 Arcopunco*

Detailed mapping has been carried out in Arcopunco in order to better understand the system and to create a plan for future drilling. During the fourth quarter of 2013, the Impact of Declaration Assessment ("**DIA**") was obtained, permitting the Corporation to initiate drilling activities on the property. This permit was granted on July 1, 2013 and is for 11 drill platforms, which is valid for 18 months. The Corporation has submitted applications for the water use permits, which are required before drilling can commence; however, the Corporation has yet to formalize an agreement with the community. The agreement with the community has taken longer than expected and the Corporation does not foresee a resolution in the near future. The Corporation expects to make a decision during Q4/2014 on whether it will continue with the project.

The Corporation has completed its initial phase of detailed sampling and mapping on the project areas. The work identified a principal anomalous area of over 6 square kilometers ("km"), consisting of hydrothermal alteration and associated gold anomalies. During the nine month period ended September 30, 2014, the option payment for USD$100,000 was made as well as additional costs relating to obtaining consent from the community for the water use permits.

The Corporation has filed a technical report on the Arcopunco, Retazos and Terciopelo projects (Huancavelica Lithocaps Projects) titled "NI 43-101 Technical Report for the Huancavelica Lithocaps Project, Department of Huancavelica, Peru" dated January 31, 2013 and effective January 14, 2013 which was prepared by Dr. Stewart D. Redwood, B.Sc. (Hons), PhD, FIMMM, FGS, in accordance with NI 43-101 requirements (the "**Lithocaps Technical Report**"). The Lithocaps Technical Report is available on SEDAR at www.sedar.com.

### *3.4 Magdalena*

On October 31, 2011, the Corporation entered into an option agreement on the Claudias title with a titleholder to earn an undivided 100% interest in the Claudias title located in Peru. In order to complete the acquisition, Oban was required to make payments to the titleholder totaling USD$605,000 over three years in order to earn the 100% interest. Oban was also required to incur a total of $75,000 of exploration expenditures by the second anniversary date after signing which had been completed at the end of the first year. The Corporation paid USD$5,000 on signing the agreement and USD$45,000 on April 30, 2012.

On October 5, 2012, Oban signed an option agreement with Peru Minerals SAC, a Peruvian subsidiary of Promesa, an Australian entity, under which Oban optioned out the rights and obligations on the Magdalena property, located 450 km north of Lima, Peru, only 30 km from the coast, including payments due to the titleholder. The optionee is committed to fulfill the remaining USD$520,000 payments due over the three year period and is required to pay Oban a total of USD$218,000 (USD$100,000 in 2015 and USD$118,000 in 2016) and by completing a geophysical study by November 2014. If during this time Promesa decides to terminate the option agreement with the Claudias titleholder, the remaining payment of USD$295,000 would become payable to Oban upon termination. In addition, upon execution of the agreement, the parties will incorporate a new company in which Oban will hold a 30% interest while the Peruvian subsidiary will hold the remaining 70% interest. The Corporation also staked 27,300 ha, which has become part of the Magdalena Project. This was included as part of the agreement that was signed with Promesa on October 5, 2012. During the year ended December 31, 2013, Oban received a reimbursement of tenement fees capitalized in the previous year in the amount of USD$77,100, which resulted in a decrease in the value of the asset net of other additions of $39,876.

On July 11th, 2014, the Corporation and the optionee terminated the option agreement with the titleholder with regards to the Claudias concession. As a result, the commitment for the final payment of USD$295,000 will be transferred directly to the Corporation.

Promesa issued an announcement dated April 29, 2014, regarding the results of drill core interpretation which indicate the potential discovery of a copper mineralized body as well as certain additional drilling results at the Magdalena property, referred to by Promesa as the Alumbre Project. The highlights provided in the Promesa press release include the following:

- Drill core interpretation indicates discovery of large copper mineralized body.
- Drill hole ALDD14004 was completed at 401 m and intersected chalcopyrite mineralization over a 340 m interval in a potassic alteration zone.
- Classic porphyry "A" and "B" type veining in evidence hosting chalcopyrite, molybdenite and bornite, with significant secondary biotite occurring throughout extensive mineralized intervals.

In noting the update provided by Promesa in their press release, the Corporation was not provided with independent information in relation to the matters described herein and is relying entirely on the disclosure given in the Promesa press release and is not supplementing such disclosure.

### *3.5 Bermejo*

The 2,900 ha property is located in the province of Ancash, Peru around 230 km north of Lima along the Panamericana highway near the coast. The property is a volcanic and volcaniclastic sequence of the Casma Group (Cretacious age) and is known for hosting volcanogenic massive sulfides (“VMS”) or iron oxide copper gold (“IOCG”) type deposits such as: Condestable, Raul, Maria Teresa and Cerro Lindo.

### *3.6 Chosicano*

The 2 km x 1.5 km Chosicano property lies immediately west of the northern extremity of the Cordillera Blanca Batholith, from which it is separated by the regional-scale Cordillera Blanca fault, a west-dipping, listric normal structure that accommodated up to 10 km of vertical displacement during batholith uplift. Hence, the prospect area is in the relatively shallow eroded hanging wall of the fault.

The Corporation paid USD$70,000 on June 14, 2011, when signing the agreement, USD$90,000 during 2012 and USD$234,000 during 2013. Additional payments of USD$150,000 on June 15, 2014, USD$220,000 on December 15, 2014, USD$430,000 on June 15, 2015 and USD$1,050,000 on December 15, 2015 were also required. The agreement is also subject to a 1% NSR upon commercial production.

During the second quarter ended June 30, 2014, the Corporation decided to not to continue with the project in order to preserve the cash requirements to use on the Antamayo Property drilling campaign and therefore recognized a write-off of $950,367.

### *3.7 Low Capital Cost Prospects*

As described above, one of the Corporation’s strategies is to focus on projects that involve a low amount of cash investment (Low CapEx strategy). This strategy targets projects that are close to infrastructure (i.e. highways, ports, source of electricity and water) similar to the Bermejo Property. During the nine months ended September 30, 2014, the Corporation performed an assessment concluding not to pursue various claims in the coastal region, therefore recognizing a write-off of $59,690. The Corporation is currently performing a Phase 2 exploration program on the Low Capital Cost Prospects, which are expected to be completed by the end of the year.

### *3.8 Deep Skarn Prospects*

The second major strategy of the Corporation is to focus on concealed deep targets in areas where the levels of erosion are minimal. In the case of Peru, the program is focused on the eastern side of Cu-Mo-Au Porphyry and Pb-Zn-Cu Skarn belts (Metalogenetic Belt, Ingemet - 2010) in relationship with Miocene intrusions. This belt is composed of three magmatic events related with the mineralization 22-20 Ma, 18-13 Ma and 10-5 Ma. Antamina (9.8 Ma 745 Mt @1.06% Cu, 0.67% Zn, 11.7 g/t Ag, 0.026% Mo) is the best representative of the area. During the nine months ended September 30, 2014, the Corporation performed an assessment, concluding not to pursue various claims in the region, therefore recognizing a write-off of $84,214. The Corporation is currently performing a Phase 2 exploration program on the Deep Skarn Prospects, which is expected to be completed by the end of the year.

### *3.9 Lithocaps Prospects*

The Corporation has also staked 16,582 hectares of tenements in the central part of Peru, as part of the Lithocaps Prospects program. The Corporation’s focus is to look for large porphyry type deposits that exist at depth. During the nine months ended September 30, 2014, the Corporation performed an assessment, concluding not to pursue various claims in the region, therefore recognizing a write-off of $27,481. The Corporation is currently performing a Phase 2 exploration program on the Lithocaps Prospects, which is expected to be completed by the end of the year.

## 4. EXPLORATION AND EVALUATION ASSETS EXPENDITURES AND COMMITMENTS

### *4.1 Exploration and Evaluation Assets Expenditures*

The Corporation’s expenditures on exploration and evaluation assets for the nine-month period ended September 30, 2014 were as follows (in Canadian dollars):

| | December 31, 2013 | Acquisition of Oban Exploration Ltd. exploration and evaluation assets | Additions in the period | Write offs in the period | September 30, 2014 |
|---|---|---|---|---|---|
| Peru properties | | | | | |
| Arcopunco | $ 196,880 | $ - | $ 133,277 | $ - | $ 330,157 |
| Antamayo | - | 11,803,165 | 1,542,845 | (13,346,010) | - |
| Marcahui | - | 6,412,333 | 37,095 | - | 6,449,428 |
| Magdalena | - | 289,183 | 1,165 | - | 290,348 |
| Bermejo | - | 41,958 | - | - | 41,958 |
| Chosicano | - | 950,367 | - | (950,367) | - |
| Generative properties | | | | | |
| Peru - Lithocaps | - | 115,678 | 3,404 | (27,481) | 91,601 |
| Peru - Low Capex | - | 171,268 | 35,637 | (59,690) | 147,215 |
| Peru - Deep Target | - | 91,478 | 18,143 | (84,214) | 25,407 |
| Total exploration and evaluation assets | $ 196,880 | $ 19,875,430 | $ 1,771,566 | $ (14,467,762) | $ 7,376,114 |

As a result of the acquisition of OEL, a total of $8,355,119 and $4,699,755 was added to the book value of the Antamayo and Marcahui properties, respectively, to reflect the fair value determined by the independent valuator as well as a portion of the costs directly attributable to this transaction.

Significant additions during the nine-month period ended September 30, 2014 are described by category, in the following table:

| As of September 30, 2014 | Arcopunco | Antamayo | Other Projects | Generative properties | Total |
|---|---|---|---|---|---|
| Property Acquisition | $ 106,331 | $ 1,643 | $ 604 | $ - | $ 108,578 |
| Geochemical and Geophysical Survey | - | 117,020 | - | - | 117,020 |
| Geological Reconnaissance | - | 97,514 | - | 22,749 | 120,263 |
| Drilling | - | 559,708 | - | 1,085 | 560,793 |
| Reporting and GIS | 3,495 | 69,671 | 28,792 | 1,198 | 103,156 |
| Administration | 16,255 | 143,647 | 2,615 | 3,966 | 166,483 |
| Supplies, Sustenance and Transportation | 2,277 | 165,766 | 2,443 | - | 170,486 |
| Tenement Fees | 1,894 | 14,145 | 105 | 28,187 | 44,331 |
| Assays | - | 39,022 | - | - | 39,022 |
| Community Relations and Security Costs | 3,026 | 124,452 | - | - | 127,478 |
| Environmental | - | 210,258 | 3,698 | - | 213,956 |
| Total additions | $ 133,278 | $1,542,846 | $ 38,257 | $ 57,185 | $1,771,566 |

During the nine-month period ended September 30th, 2014 most of the Corporation's exploration expenses were incurred on the Antamayo Property as the Corporation completed its final drill program of 6,475m. The generative properties spending is related to a Phase 2 exploration program that began near the end of the quarter and is expected to be completed by the end of the year.

### 4.2 Option Payments and Acquisition Costs for Exploration and Evaluation Assets Claims

The following is a summary of the committed option payments and acquisition costs to be made as of September 30, 2014 in respect of the Corporation's exploration and evaluation assets (amounts in USD$):

| (In USD$) | Total | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| Arcopunco Project | $ 5,200,000 | $ - | $ 200,000 | $ 1,000,000 | $ 4,000,000 | $ - |
| Antamayo Project* | $ 600,000 | $ 600,000 | $ - | $ - | $ - | $ - |
| Marcahui | $ 2,000,000 | $ - | $ 2,000,000 | $ - | $ - | $ - |
| **Total** | **$ 7,800,000** | **$ 600,000** | **$2,200,000** | **$1,000,000** | **$4,000,000** | **$ -** |

** The option payment was due August 2014, and was extended for three months. The Corporation has begun the process of terminating the option agreement (See Section 3.2).*

## 5. OUTLOOK

The Corporation is planning to review the drilling campaign completed by Teck on the Marcahui Property and, if positive, the Corporation will continue with the exploration program as defined in the Marcahui Technical Report.

A budget of $0.5 million has been assigned to Peru for the remainder of the 2014 year to complete the Phase 2 generative program on the remaining Prospects. The Corporation is continuing to look for opportunities in the Americas, while striving to maintain a strong financial position relative to its peers in the industry.

## 6. RESULTS OF CONTINUING OPERATIONS

The following table summarizes the Corporation's Interim Condensed Consolidated Statement of Operations for the three and nine-month periods ended September 30, 2014 and 2013:

| | **Three months ended** | | **Nine months ended** | |
|---|---|---|---|---|
| *For the period ended,* | **September 30, 2014** | September 30, 2013 | **September 30, 2014** | September 30, 2013 |
| **Compensation expense** | | | | |
| Stock-based compensation | **$ 144,647** | $ 135,927 | **$ 797,359** | $ 672,228 |
| Compensation expense/(recovery) | **327,637** | (82,835) | **778,496** | 357,197 |
| Total compensation expenses | **472,284** | 53,092 | **1,575,855** | 1,029,425 |
| **General and administration** | | | | |
| Shareholder and regulatory expense | **5,512** | 13,236 | **41,770** | 49,408 |
| Administrative services/(recovery) | **-** | (35,087) | **40,020** | 101,614 |
| Travel expense/(recovery) | **63,773** | (2,754) | **134,607** | 129,570 |
| Professional fees | **149,378** | 153,066 | **390,325** | 454,309 |
| Office expense | **83,899** | 23,838 | **199,219** | 187,432 |
| Total general and administration expenses | **302,562** | 152,299 | **805,941** | 922,333 |
| **General exploration** | | | | |
| LatinAmerica | **12,012** | 10,734 | **67,883** | 30,636 |
| North America | **-** | - | **35,056** | - |
| Other Jurisdictions | **23,800** | - | **23,800** | - |
| Total exploration expenses | **35,812** | 10,734 | **126,739** | 30,636 |
| Exploration and evaluation assets written-off | **1,294,175** | - | **1,294,175** | - |
| Exploration and evaluation assets written-off | **13,346,010** | - | **14,467,762** | - |
| Unrealized loss on marketable securities | **70,500** | - | **10,500** | - |
| **Foreign currency exchange** | | | | |
| Realized foreign currency exchange (gain)/loss | **(342)** | (18,090) | **173,649** | 2,724 |
| Unrealized foreign exchange (gain)/loss | **(11,239)** | 1,556 | **(103,534)** | (2,523) |
| Total foreign exchange (gain)/loss | **(11,581)** | (16,534) | **70,115** | 201 |
| Finance income | **(27,399)** | (24,863) | **(80,934)** | (80,211) |
| Finance costs | **2,603** | 3,223 | **8,447** | 10,908 |
| **Net finance income from continuing operations** | **(24,796)** | (21,640) | **(72,487)** | (69,303) |
| **Loss for the period from continuing operations** | **15,484,966** | 177,951 | **18,278,600** | 1,913,292 |
| **(Gain)/loss for the period from discontinued operations** | **-** | (194,937) | **-** | 6,412,910 |
| **Total (gain)/loss for the period** | **15,484,966** | (16,986) | **18,278,600** | 8,326,202 |
| **Other comprehensive (income)/loss** | | | | |
| Items that may be reclassified subsequently to profit and loss | **(44,060)** | 266,601 | **(119,697)** | (134,574) |
| **Comprehensive (income)/loss for the period** | **(44,060)** | 266,601 | **(119,697)** | (134,574) |
| **Total comprehensive loss** | **$ 15,440,906** | $ 249,615 | **$ 18,158,903** | $ 8,191,628 |
| **Basic and diluted (gain)/loss per share** | | | | |
| From continuing operations | **$ 0.16** | $ 0.01 | **$ 0.26** | $ 0.06 |
| From discontinued operations | **$ 0.00** | $ (0.01) | **$ 0.00** | $ 0.21 |
| **Total loss per share** | **$ 0.16** | $ (0.00) | **$ 0.26** | $ 0.27 |
| **Basic and diluted weighted average number of shares** | **99,881,561** | 29,862,353 | **71,412,213** | 29,862,353 |

### 6.1 THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2014 AS COMPARED TO THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2013

Loss from continuing operations for the period increased to $15,484,966 from $177,951 resulting in a $15,307,015 variance due to the write-off of Antamayo recognized in the quarter in the amount of $13,346,010 plus a $1,294,175 write-off of VAT recoverable due to VAT receivable held in Peru, related to this project. There has been a slight increase in the rest of the expenses compared to September 30, 2013 due to the acquisition of OEL that was completed on April 14, 2014.

Stock-based compensation expense increased by $8,720 in the period ended September 30, 2014 to $144,647, compared with $135,927 in the period ended September 30, 2013.

Compensation expense increased in the period ended September 30, 2014, by $410,472 to $327,637, compared with $(82,835) recovery in the period ended September 30, 2013, due to insurance recoveries of $271,166 in the prior year related to business disruption net of an increase related to the acquisition of OEL and a severance accrual related to the layoff of staff in Peru due to downsizing.

Administrative services for the period ended September 30, 2014 were $Nil whereas the Corporation had a $(35,087) recovery in the same period in 2013, due to the recovery of insurance proceeds of $87,500 related to business disruption.

Travel expense increased for the period ended September 30, 2014 to $63,773 from $(2,754) recovery as compared to the same period in 2013. The increase was a result of insurance recoveries of $64,685 related to business disruption.

Professional fees decreased for the period ended September 30, 2014 by $3,688, to $149,378, compared with $153,066 for the same period in 2013, due to management's efforts to contain costs. In the period ended September 30, 2013, the Corporation had higher legal fees related to the security incident that took place early in 2013 for which insurance recoveries of $85,033 were received.

Office expense increased for the period ended September 30, 2014 by $60,061, to $83,899, compared with $23,838 for the same period in 2013, due to higher expenses incurred as a result of acquiring OEL, net of a reduction in office rent due to the Corporation sharing this expense with two non-related parties since October 2013 as well as the closures of the offices in Colombia, Nicaragua and Honduras in late 2013. In the period ended September 30, 2013 insurance recoveries of $38,047 were received related to business disruption. Management is expecting this to further decrease this expense in the upcoming quarters as management is continuing with cost cutting efforts in order to sustain the Corporation's capital in the current market.

General exploration expenses increased by $25,078 during the period ended September 30, 2014, compared with $10,734 for the same period in 2013, due to new exploration prospects in areas for which the right to explore is yet to be obtained. The Corporation is continuing to search for new opportunities in a distressed market.

During the period ended September 30, 2014, a write-off of $13,346,010 was recorded due to the termination of the Antamayo project, as described in section 4.1.

An unrealized loss of $70,500 was recognized during the period ended September 30, 2014, compared with $Nil for the same period in 2013, as a result of revaluation of the Quia Resources Inc. shares obtained by the Corporation in November 2013, from providing consulting services by the Corporation.

Net finance income during the period ended September 30, 2014 increased by $3,156, to $24,796, compared with $21,640 in the period ended September 30, 2013, due to better rates and lower costs incurred during the third quarter of 2014.

### 6.2 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014 AS COMPARED TO NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2013

Loss from continuing operations for the period increased to $18,278,600 from $1,913,292 resulting in a $16,365,308 variance due to the write-off of exploration and evaluation assets in the amount of $14,467,762 as well as $1,294,175 of VAT recoverable associated to the Antamayo project. There has been a slight increase in the rest of the expenses compared to September 30, 2013 due to the acquisition of OEL that was completed on April 14, 2014 and $546,431 of insurance recoveries in the period ended September 30, 2013, due to business interruption.

Stock-based compensation expense increased in the nine-month period ended September 30, 2014 by $125,131 to $797,359, compared with $672,228 in the period ended September 30, 2013, due to a higher stock-option expense in the period as a result of issuing 7,040,000 stock options in connection with the acquisition of OEL.

Compensation expense increased in the nine-month period ended September 30, 2014, by $421,299 to $778,496, compared with $357,197 in the period ended September 30, 2013, due to higher compensation relating to the acquisition of OEL that was completed on April 14, 104 and a severance accrual related to the layoff of staff in Peru due to downsizing. In the period ended September 30, 2013 insurance recoveries of $271,166 related to business disruption also contributed to the difference.

Administrative services decreased for the period ended September 30, 2014 to $40,020 from $101,614 as compared to the same period in 2013, due to higher expenses incurred in the prior period from the Honduras and Nicaragua offices which were closed in late 2013 and insurance proceeds of $87,500 related to business disruption received in the prior period. The Corporation re-negotiated consulting fees in late 2013, which helped contribute to the decrease of the expense in the period ended September 30, 2014.

Travel expense increased for the period ended September 30, 2014 to $134,607 from $129,570 as compared to the same period in 2013. The increase was a result of insurance proceeds of $64,685 related to business disruption received in the prior period. However, net of insurance proceeds the travel expense decreased from prior period as a result of less frequent travel due to the closing of the office in Colombia, Nicaragua and Honduras.

Professional fees decreased for the period ended September 30, 2014 by $63,984, to $390,325, compared with $454,309 for the same period in 2013, due to management's efforts to contain costs. In the period ended September 30, 2013 the Corporation had higher legal fees related to the security incident that took place early in 2013 for which insurance recoveries of $85,033 were received.

Office expense increased for the period ended September 30, 2014 by $11,787, to $199,219, compared with $187,432 for the same period in 2013, due to the write-off of capital assets held in the Lima office, net of a reduction in office rent due to the Corporation sharing this expense with two non-related parties since October 2013; as well as the closures of the offices in Colombia, Nicaragua and Honduras in late 2013. Management is expecting this to decrease the expense in the upcoming quarters as management is continuing with cost cutting efforts in order to sustain the Corporation's capital in the current market.

General exploration increased by $96,103 during the period ended September 30, 2014, compared with $30,636 for the same period in 2013, due to new exploration prospects in areas for which the right to explore is yet to be obtained. The Corporation continues to search for new opportunities in a distressed market.

During the period ended September 30, 2014 a $14,467,762 write-off was recorded, which mainly relates to the Antamayo project, as described in section 4.1.

An unrealized loss of $10,500 was recognized during the period ended September 30, 2014, compared with $Nil for the same period in 2013, as a result of revaluation of the Quia Resources Inc. shares obtained by the Corporation in November 2013, from providing consulting services by the Corporation.

## 6.3 CASH FLOWS

The Corporation is dependent upon raising funds in order to fund future exploration programs. See "Liquidity and Capital Resources" and "Risks and Uncertainties" sections.

*Operating Activities*

Cash used in operating activities from continuing operations for the nine months period ended September 30, 2014 totalled $1,663,404 compared to $1,372,831 used in the same period during 2013. The increased outflows were attributable to exploration expenses, compensation expense and travel expense as discussed in section 6.2 above.

*Financing Activities*

Cash provided by financing activities was $Nil during the nine months period ended September 30, 2014; whereas proceeds from collection of the $660,660 escrowed receivable from the Corporation's initial public offering, which closed on December 20, 2012, had been completed in the period ended September 30, 2013.

*Investing Activities*

Cash provided by investing activities from continuing operations for the nine months period ended September 30, 2014 totalled $2,901,772 compared to $(209,404) used in the same period in 2013. Increase in the proceeds was mainly due to the cash received from the acquisition of OEL in an amount equal to $4,398,693, net of direct attributable transaction costs incurred, as well as outflows related to additions to exploration and evaluation assets associated with the drilling activity held in Peru during the period.

In management's view, the Corporation has sufficient financial resources to fund current planned exploration programs and ongoing operating expenses. The Corporation will continue to be dependent on raising equity or other capital as required unless and until it reaches the production stage and generates cash flow from operations. See *"Forward-Looking Information"* herein and *"Risk Factors"* in the AIF, which is available under the Corporation's issuer profile on SEDAR at www.sedar.com.

## 7. RESULTS OF DISCONTINUED OPERATIONS

Due to the Corporation's decision to terminate its activities in Colombia, Nicaragua and Honduras, and the subsequent wind up; the relevant subsidiaries were classified during 2013 as discontinued operations. Accordingly, the following table summarizes the results of discontinued operations for the three and nine-month periods ended September 30, 2014 and 2013. There were no expenditures related to discontinued operations during the three and nine-month periods ended September 30, 2014:

| | Three months | | Nine months | |
|---|---|---|---|---|
| *For the period ended* | **September 30, 2014** | September, 2013 | **September 30, 2014** | September 30, 2013 |
| **Colombia** | | | | |
| Compensation expense | **$ -** | $ 54,997 | **$ -** | $ 204,772 |
| General administrative expense | **-** | 883,366 | **-** | 1,175,118 |
| General exploration expense | **-** | 94,215 | **-** | 118,741 |
| Exploration and evaluation assets writen-off | **-** | (1,470,471) | **-** | 4,520,801 |
| Foreign currency exchange loss | **-** | (4,977) | **-** | 43,960 |
| Finance costs | **-** | 4,562 | **-** | 14,731 |
| Loss from Colombian operations | - | (438,308) | - | 6,078,123 |
| **Honduras and Nicaragua** | | | | |
| General administrative expense | **-** | 51,037 | **-** | 94,220 |
| General exploration expense | **-** | 5,545 | **-** | 51,596 |
| Exploration and evaluation assets writen-off | **-** | 185,394 | **-** | 185,394 |
| Foreign currency exchange loss | **-** | 776 | **-** | 1,368 |
| Finance costs | **-** | 619 | **-** | 2,209 |
| Loss from Honduras and Nicaragua | - | 243,371 | - | 334,787 |
| **Total loss from discontinued operations** | $ - | $ (194,937) | $ - | $ 6,412,910 |

## 8. SUMMARY OF QUARTERLY RESULTS

| *For the period ended* | | September 30, 2014 | | June 30, 2014 | | March 31, 2014 | | December 31, 2013 |
|---|---|---|---|---|---|---|---|---|
| **Financial Results:** | | | | | | | | |
| Interest income | **$** | **(27,399)** | **$** | **(27,352)** | **$** | **(26,183)** | **$** | **(26,975)** |
| Loss from continuing operations | **$** | **15,484,966** | **$** | **2,317,523** | **$** | **476,111** | **$** | **1,767,103** |
| Loss/(income) from discontinued operations | **$** | **-** | **$** | **-** | **$** | **-** | **$** | **(678,155)** |
| Loss/(earnings) per share* - basic and diluted | | | | | | | | |
| From continuing operations | **$** | **0.16** | **$** | **0.03** | **$** | **0.02** | **$** | **0.06** |
| From discontinued operations | **$** | **0.00** | **$** | **0.00** | **$** | **0.00** | **$** | **(0.02)** |
| **Financial Position:** | | | | | | | | |
| Working Capital (non-IFRS measurement) | **$** | **11,799,951** | **$** | **13,657,328** | **$** | **10,575,380** | **$** | **10,991,897** |
| Exploration and evaluation assets | **$** | **7,376,114** | **$** | **19,617,097** | **$** | **328,184** | **$** | **196,880** |
| Total Assets | **$** | **19,980,379** | **$** | **34,983,445** | **$** | **11,482,825** | **$** | **11,751,248** |
| Share Capital | **$** | **52,139,580** | **$** | **52,139,580** | **$** | **26,859,121** | **$** | **26,859,121** |
| Deficit | **$** | **(36,448,166)** | **$** | **(20,963,200)** | **$** | **(18,645,677)** | **$** | **(18,169,566)** |
| Number of shares issued and outstanding | | **99,881,561** | | **99,881,561** | | **29,862,353** | | **29,862,353** |

** Basic and diluted loss per share is calculated based on the weighted-average number of Common Shares outstanding. The number of shares issued and outstanding accounts for the 3.14-to-one consolidation made in connection with the acquisition of OEL, applied retrospectively for all the periods disclosed in the table. The conversion of stock options is not included in the calculation of the diluted loss per share because the conversion would be anti-dilutive.*

| *For the period ended* | | September 30, 2013 | | June 30, 2013 | | March 31, 2013 | | December 31, 2012 |
|---|---|---|---|---|---|---|---|---|
| **Financial Results:** | | | | | | | | |
| Interest Income | $ | (24,853) | $ | (24,863) | $ | (29,615) | $ | (18,337) |
| Loss from continuing operations | $ | 177,951 | $ | 750,796 | $ | 984,545 | $ | 965,032 |
| Loss from discontinued operations | $ | (194,937) | $ | 6,288,038 | $ | 319,810 | $ | 860,239 |
| Loss per share* - basic and diluted | | | | | | | | |
| From continuing operations | $ | 0.06 | $ | 0.01 | $ | 0.03 | $ | 0.04 |
| From discontinued operations | $ | 0.21 | $ | (0.01) | $ | 0.01 | $ | 0.03 |
| **Financial Position:** | | | | | | | | |
| Working Capital (non-IFRS measurement) | $ | 10,574,687 | $ | 10,591,608 | $ | 11,960,733 | $ | 13,554,699 |
| Exploration and evaluation assets | $ | 1,180,946 | $ | 1,261,548 | $ | 6,472,496 | $ | 5,774,563 |
| Total Assets | $ | 12,579,792 | $ | 12,591,905 | $ | 19,297,652 | $ | 20,344,718 |
| Share Capital | $ | 26,859,121 | $ | 26,859,121 | $ | 26,859,121 | $ | 26,859,121 |
| Deficit | $ | (17,080,618) | $ | (17,097,604) | $ | (10,058,771) | $ | (8,754,416) |
| Number of shares issued and outstanding | | 29,862,353 | | 29,862,353 | | 29,862,353 | | 25,239,289 |

** Basic and diluted loss per share is calculated based on the weighted-average number of Common Shares outstanding. The number of shares issued and outstanding accounts for the 3.14-to-one consolidation made in connection with the acquisition of OEL, applied retrospectively for all the periods disclosed in the table. The conversion of stock options is not included in the calculation of the diluted loss per share because the conversion would be anti-dilutive.*

The loss from continuing operations in the three month period ended September 30, 2014 resulted mainly due to the recognition of a $14,467,762 write-off of exploration and evaluation assets described in sections 4.1, 6.1 and 6.2 above, $1,294,175 VAT recoverable write-off recorded due to the termination of the Antamayo project, and additional expenses related to the acquisition of OEL. During the three month periods ended September 30, June 30 and March 31, 2014, there was no loss from discontinued operations because all expenses related to the wind up of the subsidiaries in Colombia, Nicaragua and Honduras had either already occurred or been accrued as at December 31, 2013. Total exploration and total assets decreased from prior period due to the write off of the Antamayo project during the quarter ended September 30, 2014.

## 9. FOREIGN EXCHANGE

The following table summarizes the Canadian dollar average exchange rate for the three and nine month periods ended September 30, 2014 and 2013, as well as the spot rate as of November 12, 2014, providing the value of one Canadian dollar in the currencies of the countries in which the Corporation conducted business during the nine months period ended September 30, 2014.

| | Three month period | | Nine month period | | |
|---|---|---|---|---|---|
| **Currency** | **September 30, 2014** | September 30, 2013 | **September 30, 2014** | September 30, 2013 | November 12, 2014 |
| United States dollar (USD) | **0.919** | 0.962 | **0.914** | 0.977 | 0.879 |
| Peruvian Nuevo Sol (PEN) | **2.551** | 2.636 | **2.530** | 2.568 | 2.524 |
| Mexican Peso (MXN) | **12.046** | 12.410 | **11.983** | 12.374 | 11.959 |

## 10. LIQUIDITY AND CAPITAL RESOURCES

The Corporation may finance the exploration programs of its exploration and evaluation assets by issuing new shares, adjusting spending or disposing of assets (please see *"Risk Factors"* in the AIF). The Corporation is not in commercial production on any of its mineral properties and accordingly does not generate cash from operations. The Corporation finances its activities by raising capital through equity issuances. As at September 30, 2014, the Corporation had cash of $12,260,896 (December 31, 2013 - $11,054,929) and working capital of $11,804,950 (December 31, 2013 - $10,991,897). Cash and working capital have increased from December 31, 2013, due to the cash obtained from the acquisition of OEL, net of expenditures incurred mostly in connection with exploration activities, and general and administration by the offices in Canada and Peru, during the nine-month period. The majority of the Corporation's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms.

The Corporation has no history of revenues from its operating activities. During the period ended September 30, 2014, the Corporation had negative cash flow from operating activities. The Corporation anticipates it will have negative cash flow from operating activities in future periods. The Corporation relies on the equity markets for raising capital and will continue to do so, and may rely on other non-equity sources of financing, until it can generate a positive cash flow position. There is no guarantee that the Corporation will be able to continue with sufficient working capital in the future due to market, economic and commodity price fluctuations. See *"Risk Factors"* in the AIF.

The Corporation believes it has sufficient cash resources to meet its exploration and administrative overhead expenses and maintain its planned requirements for the next twelve months.

## 11. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

See section 4.2 for information regarding option payments on the properties for the Corporation's outstanding commitments. In addition to the option payments, on November 6, 2012 the Corporation signed a sublease agreement for office space, under which it is committed to annual payments of approximately $220,000 for a five-year term, which terminates on February 28, 2018. In connection with the sublease agreement, the Corporation signed an $80,000 letter of credit, which is supported by a GIC deposit at a Canadian Chartered Bank disclosed within restricted cash. On February 28, 2014, the letter of credit was reduced to $53,334, upon completion of the first year of the lease agreement.

During the quarter ended September 30, 2014, the Corporation made the decision to begin the process of terminating the Antamayo option agreement. As a result, management laid off staff and consultants in Peru that resulted in a $138,030 accrual as at September 30, 2014. The Corporation also accrued environmental liabilities relating to the clean up of the drill pads on the Antamayo project that has amounted to an accrual in the amount of $188,408.

## 12. OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

## 13. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three and nine month period ended September 30, 2014 and 2013, consulting fees of $62,808/$142,284 (2013 – $78,507/$326,279) were paid to Talisker Exploration Services Inc., a company related to Mr. Chris Lodder, Mr. Terence Harbort, and Mr. Ruben Padilla, significant shareholders of the Corporation, out of which an owing balance of $27,652 is included within accounts payable at September 30, 2014 (2013 - $2,884). These consulting fees have been recorded at their exchange amount – being the amount agreed to by the parties and are included within continuing operations.

On April 14, 2014, the Corporation completed the Acquisition of OEL (section 1), which was a related party to the Corporation due to having common directors and officers with the Corporation, being Mr. Jose Vizquerra, Mr. Blair Zaritsky, Mr. Gernot Wober and Mr. John Burzynski.

## 14. RISKS AND UNCERTAINTIES

The Corporation's business, being the acquisition, exploration, and development of mineral properties in South America, is speculative and involves a high degree of risk. Certain factors could materially affect the Corporation's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Corporation. See *"Forward-Looking Information"*. The reader should carefully consider the information disclosed in the financial statements and under the heading *"Risk Factors"* in the AIF. The Corporation's financial statements and AIF are available under the Corporation's issuer profile on SEDAR at www.sedar.com.

## 15. CORPORATE GOVERNANCE

Management and the Board of Directors (the "**Board**") of the Corporation recognize the value of good corporate governance and the need to adopt best practices. The Corporation is committed to continuing to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance.

The Board has adopted a Board Mandate outlining its responsibilities and defining its duties. The Board has three committees (the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee). The Audit Committee has an approved committee charter, which outlines the committee's mandate, procedures for calling a meeting, and provides access to outside resources.

The Board has also approved a Code of Ethics, which governs the ethical behavior of all employees, management and directors. Separate trading blackout and disclosure policies are also in place. For more details on the Corporation's corporate governance practices, please refer to the Corporation's website at www.obanmining.com.

The Corporation's directors have expertise in exploration, metallurgy, mining, accounting, banking, financing and the securities industry. The Board meets at least four times a year and committees meet as required.

## 16. OUTSTANDING SHARE DATA

As at November 12, 2014 the Corporation had 99,881,563 Common Shares outstanding, as well as 7,040,000 stock options to purchase Common Shares at a weighted average price of $0.22 per share and nil warrants. This amounts to 106,921,563 Common Shares outstanding on a fully diluted basis.

The following table summarizes the options issued and outstanding as at September 30, 2014:

| Exercise Price | Number of Stock Options Outstanding | Weighted-Average Remaining periods of Contractual Life | Number of Stock Options Exercisable | Weighted Average Exercisable Price |
|---|---|---|---|---|
| **$0.22** | **7,040,000** | **4.556** | **2,346,663** | **$ 0.22** |

## 17. CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses for the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates and associated assumptions are based on various assumptions including historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### i) Significant judgments in applying accounting policies

The areas that require management to make significant judgments in applying the Corporation's accounting policies in determining carrying values include, but are not limited to:

***Taxes:***

The Corporation is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

### ii) Significant Accounting Estimates and Assumptions

The areas that require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

***Impairment of non-financial assets:***

The Corporation assesses its cash-generating units at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future 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 exploration and evaluation 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. Changes in any of the assumptions or estimates used in determining the fair value could impact the impairment analysis.

***Fair value of share-based payments:***

Determining the fair value of share-based payments involves estimates of interest rates, expected life of options, expected forfeiture rate, share price volatility and the application of the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate. Stock options granted vest in accordance with the stock option plan. The valuation of stock-based compensation is subjective and can impact profit and loss significantly. The Corporation has applied a forfeiture rate in arriving at the fair value of stock-based compensation to be recognized, reflecting historical experience. Historical experience may not be representative of actual forfeiture rates incurred. Several other variables are used when determining the value of stock options using the Black-Scholes valuation model:

- ***Volatility***: the Corporation uses historical information on the market price of peer companies to determine the degree of volatility at the date when the stock options are granted. Therefore, depending on when the stock options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.

- ***Risk-free interest rate***: the Corporation used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options. The risk-free interest rate will vary depending on the date of the grant of the stock options and their expected term.

- ***Dividend yield***: the Corporation has not paid dividends in the past because it is in the exploration stage and has not yet earned any significant operating income, and the Corporation does not expect to pay dividends in the foreseeable future. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.

## 18. CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

The financial framework and accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited consolidated annual financial statements for the year-ended December 31, 2013, except for the following new IFRS standards that became effective in the period.

### *International Accounting Standard 36, "Impairment of Assets" ("IAS 36")*

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36 'Impairment of Assets' ("IAS 36"), requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied prospectively. There currently is no impact on the Corporation's financial statements upon adoption of IAS 36.

### *International Financial Reporting Interpretations Committee 21, "Levies" ("IFRIC 21")*

IFRIC 21 'Levies' ("IFRIC 21") was issued by the IASB in May 2013, which is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Corporation has not identified any impact from the adoption of this standard.

### *International Financial Reporting Standard 2, "Share-based payment" ("IFRS 2")*

The amendments to IFRS 2 'Share-based payment" ("IFRS 2"), issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Corporation has not identified any impact from the adoption of this standard.

### *International Financial Reporting Standard 3, "Business combinations" ("IFRS 3")*

The amendments to IFRS 3 'Business combinations' ("IFRS 3"), issued in December 2013, clarify the accounting for contingent consideration in a business combination. At each reporting period, an entity measures contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. The amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014. The Corporation has not identified any impact from the adoption of this standard.

### *International Financial Reporting Standard 8, "Operating segments" ("IFRS 8")*

The amendments to IFRS 8 'Operating segments' ("IFRS 8"), issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Corporation has not identified any impact from the adoption of this standard.

### *International Financial Reporting Standard 9, "Financial instruments" ("IFRS 9")*

IFRS 9 'Financial Instruments (Revised)' ("IFRS 9") was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39"). The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

On July 24, 2014, the IASB issued the final version of IFRS 9 with an effective adoption date of January 1, 2018, with early adoption permitted. The impact of IFRS 9 on the Corporation's financial instruments has not yet been determined.

***International Accounting Standard 16, "Property, plant and equipment" ("IAS 16") and International Accounting Standard 38, "Intangible assets" ("IAS 38")***

The amendments to IAS 16 'Property, plant and equipment' ("IAS 16") and IAS 38 'Intangible assets' ("IAS 38"), issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014. The Corporation has not identified any impact from the adoption of this standard.

***International Accounting Standard 24, "Related party disclosures" ("IAS 24")***

The amendments to IAS 24 'Related party disclosures' ("IAS 24"), issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Corporation has not identified any impact from the adoption of this standard.

## 19. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

National Instrument 52-109 requires public companies in Canada to disclose in their MD&A any change in Internal Control Over Financial Reporting ("ICFR") during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. On April 14, 2014, the acquisition of OEL was completed. As a result, the Corporation is in the process of reviewing OEL's processes and controls and will be expanding its ICFR scope to include OEL.

Other than as described above, there have been no changes in ICFR during the three months ended September 30, 2014 that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

## 20. NON-IFRS MEASURES

The Corporation has included a non-IFRS measure for "working capital" in this MD&A to supplement its financial statements, which are presented in accordance with IFRS. The Corporation believes that this measure provides investors with an improved ability to evaluate the performance of the Corporation. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore such measures may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Corporation determines working capital as follows:

| *Reconciliation for the period ended* | **September 30, 2014** | **June 30, 2014** | **March 31, 2014** | **December 31, 2013** |
|---|---|---|---|---|
| Current Assets | 12,411,706 | 13,975,890 | 10,971,265 | 11,293,436 |
| Less Current Liabilities | 611,755 | 318,562 | 395,885 | 301,539 |
| **Working Capital** | **11,799,951** | **13,657,328** | **10,575,380** | **10,991,897** |

| *Reconciliation for the period ended* | **September 30, 2013** | **June 30, 2013** | **March 31, 2013** | **December 31, 2012** |
|---|---|---|---|---|
| Current Assets | 10,974,042 | 10,889,388 | 12,389,179 | 14,199,580 |
| Less Current Liabilities | 399,355 | 297,780 | 428,446 | 644,881 |
| **Working Capital** | **10,574,687** | **10,591,608** | **11,960,733** | **13,554,699** |

## 21. ADDITIONAL INFORMATION

Additional information regarding the Corporation can be found in the AIF, which is available under the Corporation's issuer profile on SEDAR at www.sedar.com.