OBAN MINING CORPORATION

(Formerly Braeval Mining Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 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 Company's interim condensed consolidated financial statements and related notes for the six months ended June 30, 2014 and June 30, 2013 and the Company'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 Company's 2013 Annual Information Form ("AIF") which is available on SEDAR at www.sedar.com. The date of this MD&A is August 7th, 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 "43-101 Technical Report Antamayo Copper Skarn Project, Province of Ancash, Peru" dated February 21st, 2014 and effective January 15th, 2014 (the "**Antamayo Technical Report**") as well as "43-101 Technical Report Marcahui Copper Project, Province of Caraveli, Peru" dated March 19th, 2014 and effective August 3rd, 2012 (the "**Marcahui Technical Report**"), and the "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 Copepr 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.*

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.

HIGHLIGHTS

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 Ltd. ("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.

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.

Acquisition of Oban Exploration Ltd.

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 OEL assets was recorded at the fair value of the assets acquired of $25,280,459, plus directly attributable transactions costs of $505,577. Additional transactions 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
Taxes 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**

As at April 22nd,2014, the fair value of the identifiable assets acquired and liabilities assumed is supported by a formal independent valuation of the range of values representing the fair market value of OEL assets 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 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 which 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	Claims under option
Arcopunco Project	Gold	Huancavelica, Peru	Claims under option
Retazos Project	Gold	Huancavelica, Peru	Staked
Pursima - Lithocaps	Gold	Huancavelica/Lima, Peru	Staked
Terciopelo	Gold	Huancavelica, Peru	Terminated
Chosicano Project	Copper/Gold	Peru	Terminated
Magdalena Project	Copper	Peru	Optioned out
Bermejo Project	Copper	Peru	Owned 100%
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 US$6,000,000 in exploration expenditures, including 10,000 meter (“m”) of drilling, from which a minimum of US$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 June 30, 2014, the optionee notified the Corporation of the termination of this option agreement; accordingly, the Corporation extended the due date of the final USD$2,000,000 payment one year, to September 06, 2015.

The Corporation has filed a technical report on the Marcahui Copper Project, Province of Caraveli, 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 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. Antamayo is a copper, zinc, moly and silver skarn project with potential targets in an area of over 18 km². It is the northern neighbor to the world class Antamina deposit, which hosts approximately 745 million tonnes of proven and probable reserves of high grade copper, as at December 31, 2012 (source: Xstrata Mineral Resources & Ore Reserves, www.glencorexstrata.com). A “qualified person” within the meaning of NI 43-101 has been unable to verify the information relating to the Antamina deposit and such information is not necessarily indicative of the mineralization of the Antamayo Project.

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, from which has been fulfilled as of June 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 Q3/2014, the Corporation plans to drill approximately 3,000 m. The drill plan is to continue the previous drill program that completed 4,043 m by drilling an additional 500 m that remain on the last hole that was left in mineralization prior to the business combination. During the quarter the Corporation completed the 500 m of drilling, however the assay results were not material. The Corporation expects to drill an additional 2,500 m to test new geophysical and geological anomalies that were identified during the 85 line-km Induced Polarization geophysical survey (“IP”) that was completed during the quarter (Figure 1). The focus of the drilling will be to expand the known mineralization from surface to depth along the Central Valley, Huinchos and Chequiachocha porphyry-skarn centre locations.

The Corporation has filed a technical report on the Antamayo Copper Skarn Project, Province 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 technical report is available on SEDAR at www.sedar.com.

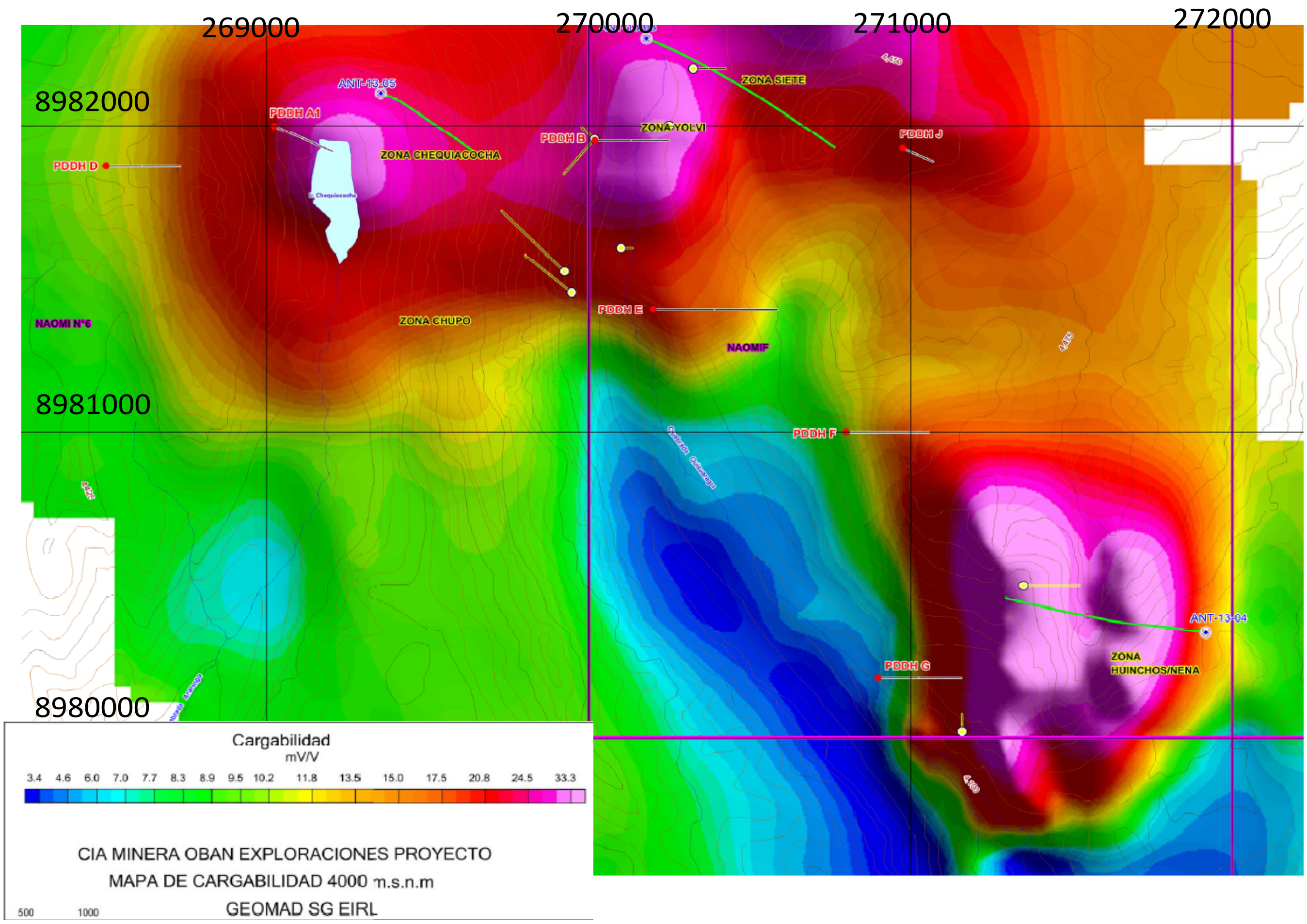

Figure 1 – Shows the results from the Induced Polarization geophysical survey ("IP") with the Corporation's proposed drill holes.

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. This is expected to be obtained by the end of the of the third quarter of 2014.

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. Phase one drilling at Arcopunco is planned for second - thrid quarter of 2014 (weather and water use permits permitting), with an initial diamond drill program of 1,500 m. During the six month period ended June 30, 2014, the option payment for US$100,000 was made.

The Corporation has filed a technical report on the Arcopunco, Retazos and Terciopelo projects (Huancavelica Lithocaps Projects), 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 technical report is available on SEDAR at www.sedar.com.

3.4 Magdalena

As a result of the generative program, the Corporation staked the 27,300 ha. Magdalena Project, located 450 km North of Lima, only 30 km from the coast.

On October 5, 2012, the Corporation signed an option agreement with Peru Minerals SAC, Peruvian subsidiary of Promesa, an Australian entity, under which Oban optioned-out the rights and obligations on the Magdalena property, including payments due to the titleholder. The optionee is committed to fulfill the remaining US$605,000 payments due over the three year period and is required to pay Oban a total of US$218,000 either upon execution of the option agreement, or after 2015 (US$100,000 in 2015 and US$118,000 in 2016) and by completing a geophysical study by November 2014. In addition, upon execution of the agreement the parties will incorporate a new company in which Oban will hold 30% interest while the Peruvian subsidiary will hold the remaining 70% interest. During the year ended December 31, 2013, the Corporation received a reimbursement of tenement fees capitalized in previous year in the amount of US$77,100, which resulted in a decrease in the value of the asset net of other additions of $39,876.

Promesa put out 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 Corporation's 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.

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 Low Capital Cost Prospects

As previously 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 quarter ended June 30, 2014, the Corporation performed an assessment concluding not to pursue various claims in the region, therefore recognizing a write-off of $59,690.

3.7 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 quarter ended June 30, 2014, the Corporation performed an assessment, concluding not to pursue various claims in the region, therefore recognizing a write-off of $84,214.

3.8 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 quarter ended June 30, 2014, the Corporation performed an assessment, concluding not to pursue various claims in the region, therefore recognizing a write-off of $27,481.

3.9 Retazos

The Retazos project is located in Huancavelica, southeast of Lima, within the Huachocolpa district, east of the Chonta fault. It is a very well known mineralized region in southern Peru. Retazos comprises an area of 10km by 6km of hydrothermal alteration, with high sulfidation characteristics (e.g. Advanced argillic alteration). It is hosted in Miocene volcanic rocks. This system also contains intermediate sulfidation systems and skarns in the periphery, which are base metal rich. No exploration work was performed on the property during the second quarter of 2014.

3.10 Terciopelo

The Corporation had an interest in the Terciopelo project under a mining assignment and option agreement with CEDEMIN, a subsidiary of Compañía de Minas Buenaventura S.A.A (BVN:NYSE). The project is located north of Arcopunco, and has the potential to host a gold porphyry system at depth. No exploration work was performed on the property during the second quarter of 2014. During the quarter, the Corporation had decided not to pursue with the option and has provided notice to the optionor. The Corporation had subsequently written off all costs relating to the property.

3.11 Purisima

A new area and property was identified by the generative group that is called Purisima. The Corporation is currently looking for a strategic investor to continue developing this property.

3.12 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 US$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 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 and therefore recognized a write-off of $950,367.

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 six-month period ended June 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	June 30, 2014
Peru properties					
Arcopunco	$ 196,880	$ -	$ 133,277	$ -	$ 330,157
Antamayo	-	11,803,165	473,638	-	12,276,803
Marcahui	-	6,412,333	25,444	-	6,437,777
Magdalena	-	289,183	1,165	-	290,348
Bermejo	-	41,958	-	-	41,958
Chosicano	-	950,367	-	(950,367)	-
Generative properties					
Peru - Lithocaps	-	115,678	2,004	(27,481)	90,201
Peru - Low Capex	-	171,268	12,868	(59,690)	124,446
Peru - Deep Target	-	91,478	18,143	(84,214)	25,407
Total exploration and evaluation assets	$ 196,880	$ 19,875,430	$ 666,539	$(1,121,752)	$ 19,617,097

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.

Additions during the period in Antamayo relate to the ongoing drilling campaign, for which results are expected to be obtained during the third quarter of 2014.

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 June 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**	**$4,000,000**	**$ -**

5. OUTLOOK

The Corporation is planning to continue with the recommendations on the Lithocaps Project and Antamayo Project in accordance with the Lithocaps Technical Report and the report entitled "NI 43-101 Technical Report for the Antamayo Copper Skarn Project, Department of Ancash, Peru" dated February 21, 2014 and dated effective January 15, 2014 (the "**Antamayo Technical Report**").

Based on the Lithocaps Technical Report, a two-stage exploration program was recommended. Stage one is to continue with detailed mapping of the property, channel sampling as well as geochemical surveying by ground magnetic and IP surveys. Stage 2 involves drilling 18,000 m to test the porphyry targets, with estimated time of sixteen months to carry out this phase of the program. Stage 2 program is not dependent on the results of the Stage 1 program and was recommended by the author of the Lithocaps Technical Report to commence during the Stage 1 exploration program.

Based on the Antamayo Technical Report, it was recommended that an additional 4,000 m of deep drilling in 4 holes be carried out to test for the possible intrusive-skarn center(s) between Huinchos and Chequiacocha. A two stage exploration program is recommended comprising surface exploration and core logging for target definition in Stage 1, followed by drilling in Stage 2. Stage 2 is conditional on the favorable outcome of results in Stage 1. The Corporation has begun to drill approximately 1,500 m.

A budget of $2.5 million has been assigned to Peru for the remainder of the 2014 year. The Corporation plans on continuing to drill the Antamayo and Arcopunco properties and continuing with the geological reconnaissance work on 5 of the 11 prospects. The Corporation is continuing to look for opportunities in the other jurisdictions, 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 periods ended June 30, 2014 and 2013:

For the period ended,	**Three months ended June 30, 2014**	Three months ended June 30, 2013	**Six months ended June 30, 2014**	Six months ended June 30, 2013
Compensation expense				
Stock-based compensation	**$ 547,697**	$ 179,936	**$ 652,712**	$ 536,301
Compensation expense	**285,584**	199,051	**450,859**	440,032
Total compensation expenses	**833,281**	378,987	**1,103,571**	976,333
General and administration				
Shareholder and regulatory expense	**6,793**	6,150	**36,258**	36,171
Administrative services	**10,020**	60,000	**40,020**	136,701
Travel expense	**46,620**	71,885	**70,834**	132,324
Professional fees	**121,236**	107,799	**240,947**	301,243
Office expense	**96,251**	84,628	**115,320**	163,594
Total general and administration expenses	**280,920**	330,462	**503,379**	770,033
General exploration				
Mexico	**11,558**	8,685	**16,051**	17,162
Peru	**39,575**	2,740	**39,820**	2,740
Canada	**35,056**	-	**35,056**	-
Total exploration expenses	**86,189**	11,425	**90,927**	19,902
Exploration and evaluation assets written-off	**1,121,752**	-	**1,121,752**	-
Unrealized gain on marketable securities	**(60,000)**	-	**(60,000)**	-
Foreign currency exchange				
Realized foreign currency exchange loss	**172,437**	54,111	**173,991**	20,814
Unrealized foreign exchange gain	**(92,295)**	(2,839)	**(92,295)**	(4,079)
Total foreign exchange loss	**80,142**	51,272	**81,696**	16,735
Finance income	**(27,352)**	(24,562)	**(53,535)**	(54,482)
Finance costs	**2,591**	3,212	**5,844**	6,820
Net finance income from continuing operations	**(24,761)**	(21,350)	**(47,691)**	(47,662)
Loss for the period from continuing operations	**2,317,523**	750,796	**2,793,634**	1,735,341
Loss for the period from discontinued operations	**-**	6,288,038	**-**	6,607,848
Total loss for the period	**2,317,523**	7,038,834	**2,793,634**	8,343,189
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss	**(67,310)**	(117,359)	**(75,637)**	(117,359)
Comprehensive income for the period	**(67,310)**	(117,359)	**(75,637)**	(117,359)
Total comprehensive loss	**$ 2,250,213**	$ 6,921,475	**$ 2,717,997**	$ 8,225,830
Basic and diluted loss per share				
From continuing operations	**$ 0.03**	$ 0.03	**$ 0.05**	$ 0.06
From discontinued operations	**$ 0.00**	$ 0.21	**$ 0.00**	$ 0.22
Total loss per share	**$ 0.03**	$ 0.24	**$ 0.05**	$ 0.28
Basic and diluted weighted average number of shares	**83,137,837**	29,862,353	**56,941,605**	29,862,353

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

Loss from continuing operations for the period increased to $2,317,523 from $750,796 resulting in a $1,566,727 variance due to the write-off of exploration and evaluation assets recognized in the quarter, of $1,121,752, particularly as a result of the $950,367 write-off at the Chosicano project, and the stock-based compensation expense due to the options granted during the period. The resulting increase was a result of additional costs related to the acquisition of OEL.

Stock-based compensation expense increased in the period ended June 30, 2014 by $367,761 to $547,697, compared with $179,936 in the period ended June 30, 2013. The Corporation incurred a higher stock-option expense as a result of the 7,040,000 new options granted in connection with the acquisition of OEL, to replace the old options outstanding. Compensation expense also increased in the period ended June 30, 2014, by $86,533 to $285,584, compared with $199,051 in the period ended June 30, 2013, as a result of the acquisition of OEL.

Administrative services decreased for the period ended June 30, 2014 to $10,020 from $60,000 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, as well as the reduction in the service fee from consulting services, which were re-negotiated in the second half of 2013.

Travel expense decreased for the period ended June 30, 2014 to $46,620 from $71,885 as compared to the same period in 2013. The decrease was a result of the reduction in the number of countries where the Corporation has operations, as well as the frequency of employees' travels.

Professional fees increased for the period ended June 30, 2014 by $13,437, to $121,236, compared with $107,799 for the same period in 2013, as the balance now includes services rendered to OEL since the merger.

Office expense increased for the period ended June 30, 2014 by $11,623, to $96,251, compared with $84,628 for the same period in 2013, due to the 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.

General exploration increased by $74,764 during the period ended June 30, 2014, compared with $11,425 for the same period in 2013, due to new exploration prospects in areas for which the right to explore is yet to be obtained, as the Corporation is continuing to search for new opportunities. During the period ended June 30, 2014 a $1,121,752 write-off was recorded, which mainly relates to the Chosicano project, and other properties, as described in section 4.1.

An unrealized gain of $60,000 was recognized during the period ended June 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 June 30, 2014 decreased by $3,411, to $24,761, compared with $21,350 in the period ended June 30, 2013, due to a lower level of cash balances held in the second quarter of 2014 in comparison with the same period of 2013.

6.2 SIX-MONTH PERIOD ENDED JUNE 30, 2014 AS COMPARED TO SIX-MONTH PERIOD ENDED JUNE 30, 2013

Loss from continuing operations for the period increased to $2,793,634 from $1,735,341 resulting in a $1,566,727 variance due to the write-off of exploration and evaluation assets recognized in the quarter as well as the increase in exploration expenses and compensation expense, net of a decrease in general and administration expenses.

Stock-based compensation expense increased in the six-month period ended June 30, 2014 by $116,411 to $652,712, compared with $536,301 in the period ended June 30, 2013, due to a higher stock-option expense in the period as a result of a higher stock-option expense for the 7,040,000 new options granted in connection with the acquisition of OEL, when compared with the stock-option expense from the options outstanding in the prior period.

Administrative services decreased for the period ended June 30, 2014 to $40,020 from $136,701 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, as well as the reduction in the service fee from consulting services, which were re-negotiated in the second half of 2013.

Travel expense decreased for the period ended June 30, 2014 to $70,834 from $132,324 as compared to the same period in 2013. The decrease was a result of the reduction in the number of countries where the Corporation has operations, as well as the frequency of employees' travels.

Professional fees decreased for the period ended June 30, 2014 by $60,296, to $240,947, compared with $301,243 for the same period in 2013, due to higher legal fees associated with a security incident, incurred in the prior period.

Office expense decreased for the period ended June 30, 2014 by $48,274, to $115,320, compared with $163,594 for the same period in 2013, due to 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.

General exploration increased by $71,025 during the period ended June 30, 2014, compared with $19,902 for the same period in 2013, due to new exploration prospects in areas for which the right to explore is yet to be obtained, as the Corporation continues to search for new opportunities. During the period ended June 30, 2014 a $1,121,752 write-off was recorded, which mainly relates to the Chosicano project, as described in section 4.1.

An unrealized gain of $60,000 was recognized during the period ended June 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.

Operating Activities

Cash used in operating activities from continuing operations for the period ended June 30, 2014 totalled $952,413 compared to $1,411,780 used in the same period during 2013. The decreased outflows were attributable to lower administrative expenses, compensation expense and travel expense as discussed in section 6.2 above.

Financing Activities

Cash provided by financing activities was $Nil during the period ended June 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 June 30, 2013.

Investing Activities

Cash provided by investing activities from continuing operations for the period ended June 30, 2014 totalled $3,642,362 compared to $(262,698) 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 *"Risks Factors"* in the Corporation's annual information form the year ended December 31, 2013, dated March 24, 2014 (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 six month period ended June 30, 2013. There were no expenditures related to discontinued operations during the three and six month period ended June 30, 2014:

For the period ended	Three months June 30, 2014	June 30, 2013	Six months June 30, 2014	June 30, 2013
Colombia				
Compensation expense	**$ -**	$ 77,115	**$ -**	$ 149,775
General administrative expense	**-**	134,822	**-**	291,752
General exploration expense	**-**	24,526	**-**	24,526
Exploration and evaluation assets writen-off	**-**	5,991,272	**-**	5,991,272
Foreign currency exchange loss	**-**	10,935	**-**	48,937
Finance costs	**-**	6,587	**-**	10,169
Loss from Colombian operations	-	6,245,257	-	6,516,431
Honduras and Nicaragua				
General administrative expense	**-**	17,668	**-**	43,183
General exploration expense	**-**	23,299	**-**	46,052
Exploration and evaluation assets writen-off	**-**	-	**-**	-
Foreign currency exchange loss	**-**	400	**-**	592
Finance costs	**-**	1,414	**-**	1,590
Loss from Honduras and Nicaragua	-	42,781	-	91,417
Total loss from discontinued operations	$ -	$ 6,288,038	$ -	$ 6,607,848

8. SUMMARY OF QUARTERLY RESULTS

For the period ended	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Financial Results:				
Interest income	**$ (27,352)**	**$ (26,183)**	**$ (26,975)**	**$ (24,853)**
Loss from continuing operations	**$ 2,317,523**	**$ 476,111**	**$ 1,767,103**	**$ 177,951**
Loss/(income) from discontinued operations	**$ -**	**$ -**	**$ (678,155)**	**$ (194,937)**
Loss/(earnings) per share* - basic and diluted				
From continuing operations	**$ 0.03**	**$ 0.02**	**$ 0.06**	**$ 0.01**
From discontinued operations	**$ 0.00**	**$ 0.00**	**$ (0.02)**	**$ (0.01)**
Financial Position:				
Working Capital (non-IFRS measurement)	**$ 13,657,328**	**$ 10,575,380**	**$ 10,991,897**	**$ 10,574,687**
Exploration and evaluation assets	**$ 19,617,097**	**$ 328,184**	**$ 196,880**	**$ 1,180,946**
Total Assets	**$ 34,983,445**	**$ 11,482,825**	**$ 11,751,248**	**$ 12,579,792**
Share Capital	**$ 52,139,580**	**$ 26,859,121**	**$ 26,859,121**	**$ 26,859,121**
Deficit	**$ (20,963,200)**	**$ (18,645,677)**	**$ (18,169,566)**	**$ (17,080,618)**
Number of shares issued and outstanding	**29,862,353**	**29,862,353**	**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		June 30, 2013		March 31, 2013		December 31, 2012		September 30, 2012
Financial Results:								
Interest Income	$	(24,562)	$	(29,615)	$	(18,337)	$	(24,932)
Loss from continuing operations	$	750,796	$	984,545	$	965,032	$	853,026
Loss from discontinued operations	$	6,288,038	$	319,810	$	860,239	$	216,090
Loss per share* - basic and diluted								
From continuing operations	$	0.03	$	0.03	$	0.04	$	0.03
From discontinued operations	$	0.21	$	0.01	$	0.03	$	0.01
Financial Position:								
Working Capital (non-IFRS measurement)	$	10,591,608	$	11,960,733	$	13,554,699	$	7,644,716
Exploration and evaluation assets	$	1,261,548	$	6,472,496	$	5,774,563	$	4,706,976
Total Assets	$	12,591,905	$	19,297,652	$	20,344,718	$	12,813,429
Share Capital	$	26,859,121	$	26,859,121	$	26,859,121	$	18,285,123
Deficit	$	(17,097,604)	$	(10,058,771)	$	(8,754,416)	$	(6,929,144)
Number of shares issued and outstanding		29,862,353		29,862,353		25,239,289		24,554,390

** 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 June 30, 2014 resulted mainly due to the recognizion of a $1,121,752 write-off of exploration and evaluation assets described in section 6.2 above, and additional expenses related to the acquisition of OEL. During the period ended June 30, 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.

9. FOREIGN EXCHANGE

The following table summarizes the Canadian dollar average exchange rate for the period ended June 30, 2014 and 2013, as well as the spot rate as of August 7th, 2014, providing the value of one Canadian dollar in the currencies of the countries in which the Corporation conducted business during the period ended June 30, 2014

Currency	Three month period **June 30, 2014**	 June 30, 2013	Six month period **June 30, 2014**	 June 30, 2013	 August 7, 2014
United States dollar (USD)	**0.917**	0.977	**0.912**	0.985	0.913
Peruvian Nuevo Sol (PEN)	**2.527**	2.555	**2.519**	2.533	2.530
Mexican Peso (MXN)	**11.904**	12.172	**11.951**	12.356	12.128

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 June 30, 2014, the Corporation had cash of $13,712,477 (December 31, 2013 - $11,054,929) and working capital of $13,657,328 (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 six-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 June 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 new 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.

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 and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

The Corporation's key management consists of the following officers and directors as follows:

- President and CEO — Officer and Director
- CFO — Officer
- VP of Exploration — Officer
- Directors

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three and six month period ended June 30, 2014 and 2013, the Corporation paid rent amounting to $Nil/$Nil (2013 - $Nil/$2,093) to Osisko Mining Corporation, a company related to Mr. John Burzynski, chairman and director of the Corporation. This amount has been recorded at their exchange amount – being the amount agreed to by the parties and is included within continuing operations.

Further, during the three and six month period ended June 30, 2014 and 2013, consulting fees of $40,020/$70,020 (2013 – $60,000/$136,701) were paid to Talisker Exploration Services Inc., a company related to Mr. Chris Lodder, Mr. Terence Harbort, and Mr. Ruben Padilla. 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. 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 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 August 7th, 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 June 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
$0.22	**7,040,000**	**4.810**	**2,346,663**	**$ 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’ (“IFRS 9”) was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 ‘Financial instruments: Recognition and measurement’ (“IAS 39”). The standard requires the classification of financial assets into two measurement categories based on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity’s “own credit risk” is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 ‘Financial instruments: disclosures’ (“IFRS 7”).

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the “own credit requirement” in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

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 June 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	**June 30, 2014**	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**
Current Assets	13,975,890	10,971,265	11,293,436	10,974,042
Less Current Liabilities	318,562	395,885	301,539	399,355
Working Capital	**13,657,328**	**10,575,380**	**10,991,897**	**10,574,687**

Reconciliation for the period ended	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**
Current Assets	10,889,388	12,389,179	14,199,580	7,926,847
Less Current Liabilities	297,780	428,446	644,881	282,131
Working Capital	**10,591,608**	**11,960,733**	**13,554,699**	**7,644,716**