OBAN MINING CORPORATION

(formerly Braeval Mining Corporation)

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

Presented in Canadian dollars

OBAN
MINING CORPORATION
(formerly Braeval Mining Corporation)

March 10, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Oban Mining Corporation (“Oban” or the “Corporation”) were prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Management is responsible for ensuring that these consolidated financial statements, which include amounts based upon estimates and judgments, are consistent with other information and operating data contained in the annual financial review and reflect Oban’s business transactions and financial position.

Management is also responsible for the information disclosed in Oban’s management’s discussion and analysis including responsibility for the existence of appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. The internal control system includes an internal audit function and a code of conduct and ethics, which is communicated to all levels in the organization and requires all employees to maintain high standards in their conduct of the corporation's affairs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that Oban’s assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. The Board of Directors meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors’ report. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors’ report. The Audit Committee also reviews Oban’s management’s discussion and analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting Oban’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) “Jose Vizquerra”	(Signed) “Blair Zaritsky”
President and Chief Executive Officer	Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Oban Mining Corporation

We have audited the accompanying consolidated financial statements of Oban Mining Corporation (formerly Braeval Mining Corporation), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oban Mining Corporation (formerly Braeval Mining Corporation) as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 10, 2015
Toronto, Canada

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(formerly Braeval Mining Corporation)

Consolidated Statements of Financial Position
(In Canadian dollars)

As at,	**December 31, 2014**	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	**$ 10,998,647**	$ 11,054,929
Other receivables	**43,705**	113,899
Prepaid expense and advances	**94,185**	109,608
Marketable securities (note 8)	**31,820**	15,000
Current assets	**11,168,357**	11,293,436
Non-current assets		
VAT receivable (note 6)	**71,085**	93,870
Restricted cash	**69,833**	129,500
Equipment (note 9)	**54,806**	37,562
Exploration and evaluation assets (note 10)	**7,454,324**	196,880
Total non-current assets	**7,650,048**	457,812
Total assets	**$ 18,818,405**	$ 11,751,248
Liabilities		
Current liabilities		
Other payables	**$ 486,703**	$ 301,539
Total current liabilities	**486,703**	301,539
Equity		
Share capital (note 12)	**52,139,580**	26,859,121
Contributed surplus (note 12)	**3,444,416**	2,502,411
Accumulated other comprehensive income	**253,805**	257,743
Deficit	**(37,506,099)**	(18,169,566)
Total equity attributed to equity holders of the Corporation	**18,331,702**	11,449,709
Total liabilities and equity	**$ 18,818,405**	$ 11,751,248

The accompanying notes are an integral part of these consolidated financial statements.

Commitments (note 18)

Subsequent events (note 19)

On behalf of the Board:

(Signed) "*Keith McKay*" — Director

(Signed) "*John Burzynski*" — Director

Consolidated Statement of Loss and Comprehensive Loss
(In Canadian dollars)

For the year ended,	**December 31, 2014**	December 31, 2013
Expenses from continuing operations		
Compensation (note 7)	**$ 1,966,075**	$ 1,200,107
General and administration expenses (note 7)	**1,131,098**	1,079,050
General exploration (note 7)	**150,248**	52,158
VAT recoverable written-off (note 6)	**1,320,135**	-
Exploration and evaluation assets written off (note 10)	**14,766,289**	1,499,856
Unrealized loss from marketable securities (note 8)	**14,200**	-
Foreign currency exchange loss/(gain) (note 7)	**86,592**	(57,373)
Operating loss from continuing operations	**19,434,637**	3,773,798
Finance income	**(106,747)**	(107,176)
Finance costs	**8,643**	13,773
Net finance income from continuing operations	**(98,104)**	(93,403)
Loss for the year from continuing operations	**19,336,533**	3,680,395
Loss for the year from discontinued operations (note 11)	**-**	5,734,755
Total loss for the year	**$ 19,336,533**	$ 9,415,150
Other comprehensive loss/(income)		
Items that may be reclassified subsequently to profit and loss	**$ 3,938**	$ (370,048)
Comprehensive loss/(income) for the year	**3,938**	(370,048)
Total comprehensive loss	**$ 19,340,471**	$ 9,045,102
Basic and diluted loss per share (note 12)		
From continuing operations	**$ 0.25**	$ 0.12
From discontinued operations	**0.00**	0.19
Total loss per share	**$ 0.25**	$ 0.31
Basic and diluted weighted average number of shares (note 12)	**78,588,048**	29,862,353

The accompanying notes are an integral part of these consolidated financial statements.

OBAN
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(formerly Braeval Mining Corporation)

Consolidated Statements of Changes in Equity
(In Canadian dollars)

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Contributed Surplus	Accumulated other comprehensive income/(loss)	Deficit and Accumulated Deficit	Total
Balance January 1, 2013	93,767,786	$ 26,859,121	$ 1,707,437	$ (112,305)	$ (8,754,416)	$ 19,699,837
Loss for the year from continuing operations	-	-	-	-	(3,680,395)	(3,680,395)
Loss for the year from discontinued operations (note 11)	-	-	-	-	(5,734,755)	(5,734,755)
Foreign currency translation adjustment	-	-	-	370,048	-	370,048
Stock-based compensation (note 12)	-	-	794,974	-	-	794,974
Balance December 31, 2013	93,767,786	$ 26,859,121	$ 2,502,411	$ 257,743	$ (18,169,566)	$ 11,449,709

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Contributed Surplus	Accumulated other comprehensive income	Deficit and Accumulated Deficit	Total
Balance January 1, 2014	**93,767,786**	**$ 26,859,121**	**$ 2,502,411**	**$ 257,743**	**$ (18,169,566)**	**$ 11,449,709**
Loss for the year from continuing operations	**-**	**-**	**-**	**-**	**(19,336,533)**	**(19,336,533)**
Foreign currency translation adjustment	**-**	**-**	**-**	**(3,938)**	**-**	**(3,938)**
Stock-based compensation (note 12)	**-**	**-**	**942,005**	**-**	**-**	**942,005**
Consolidation of shares (note 12)	**(63,905,433)**	**-**	**-**	**-**	**-**	**-**
Issuance of shares for purchase of assets (notes 5 and 12)	**70,019,208**	**25,280,459**	**-**	**-**	**-**	**25,280,459**
Balance December 31, 2014	**99,881,561**	**$ 52,139,580**	**$ 3,444,416**	**$ 253,805**	**$ (37,506,099)**	**$ 18,331,702**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
(In Canadian dollars)

For the year ended	**December 31, 2014**	December 31, 2013
Cash flows used in operating activities		
Loss from continuing operations for the year	**$ (19,336,533)**	$ (3,680,395)
Adjustments for:		
Stock-based compensation (note 12)	**942,005**	794,974
Exploration and evaluation assets written-off (note 10)	**14,766,289**	1,499,856
VAT Receivable written-off (note 6)	**1,320,135**	-
Depreciation (note 9)	**23,263**	12,190
Unrealized loss from marketable securities (note 8)	**14,200**	-
Gain from collection of VAT receivable (note 6)	**(123,980)**	-
Write-off of capital assets (note 9)	**21,990**	-
Interest income	**(106,747)**	(107,176)
	(2,479,378)	(1,480,551)
Change in items of working capital:		
Change in other receivables	**74,091**	83,050
Change in prepaid expenses and advances	**36,075**	363
Change in other payables and accrued liabilities	**171,211**	(278,283)
Change in VAT receivable (note 6)	**(149,164)**	105,605
Change in restricted cash	**59,667**	-
Net cash used in operating activities from continuing operations	**(2,287,498)**	(1,569,816)
Cash flows (used in)/provided by investing activities		
Proceeds from collection of VAT receivable (note 6)	**123,980**	-
Interest received	**105,109**	105,550
Addition to exploration and evaluation expenditures (note 10)	**(2,372,665)**	(722,099)
Proceeds on sale of discontinued operations (note 11)	**41,266**	-
Acquisition of equipment (note 9)	**(1,747)**	(9,764)
Acquisiton of marketable securities (note 8)	**(31,019)**	-
Cash received from acquisition of Oban Exploration Ltd., net of transaction costs (note 5)	**4,398,693**	-
Net cash provided by/(used in) investing activities from continuing operations	**2,263,617**	(626,313)
Cash flows provided by financing activities		
IPO proceeds held in escrow, released during the year	**-**	660,660
Net cash provided by financing activities from continuing operations	**-**	660,660
Decrease in cash and cash equivalents from continuing operations	**(23,881)**	(1,535,469)
Decrease in cash and cash equivalents from discontinued operations (note 11)	**(32,401)**	(479,017)
Decrease in cash and cash equivalents	**(56,282)**	**(2,014,486)**
Cash and cash equivalents, beginning of year	**11,054,929**	**13,069,415**
Cash and cash equivalents, end of year	**$ 10,998,647**	**$ 11,054,929**

The accompanying notes are an integral part of these consolidated financial statements.

1) Reporting entity

Oban Mining Corporation (formerly Braeval Mining Corporation) ("Oban" or the "Corporation") is a Canadian Corporation domiciled in Canada and was incorporated on February 26, 2010 under the Ontario Business Corporations Act. The address of the Corporation's registered office is 150 York Street, Suite 410, Toronto, Ontario, Canada. The Consolidated financial statements of the Corporation at December 31, 2014 and 2013 include the Corporation and its subsidiaries, Braeval Mexico S.A. de CV, Braeval Peru S.A.C, Braeval (Barbados) Ltd., Oban Exploration Ltd., Oban Peru S.A.C, Oban Exploration (Barbados) Ltd., 2407574 Ontario Inc., (together the "Group" and individually as "Group entities"). The Corporation is primarily in the business of acquiring, exploring and developing mineral deposits in the Americas. On April 14, 2014 the Corporation completed the acquisition of Oban Exploration Limited; refer to note 5 for details on this transaction.

The business of exploring and mining for minerals involves a high degree of risk. Oban is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively Oban's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that Oban's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of mineral properties and deferred exploration.

2) Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were authorized for issuance by the Corporation's Board of Directors on March 10, 2015.

b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is Oban's functional currency. The functional currency of all of the Corporation's foreign subsidiaries is the United States dollar, which is the currency of the primary economic environment in which those entities operates. The financial information has been rounded to the nearest dollar.

c) Use of estimates and judgements

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 year. 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.

2) Basis of preparation (continued)

c) Use of estimates and judgements

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 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:

- ***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. Also, 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.
- ***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 year of historical information examined, the degree of volatility can be different when calculating the value of different stock options.

2) Basis of preparation (continued)

c) Use of estimates and judgements (continued)

ii) Significant accounting estimates and assumptions (continued)

Fair value of share-based payments (continued):

- ***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.

Recoverability of VAT receivable:

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable in Mexico and Peru, at the end of each reporting period, is made using all relevant facts available, such as the development of VAT policies in both jurisdictions, past collectability, and the general economic environment of jurisdictions to determine if a write-off of the VAT is required.

3) Significant accounting policies

The accounting policies set out below are in accordance with IFRS and have been applied consistently to the 2014 and 2013 years presented in these consolidated financial statements.

a) Basis of consolidation

The financial statements of Oban consolidate the results of the Corporation and its wholly owned subsidiaries: Braeval (Barbados) Mining Corporation, Braeval Mexico S.A. de CV, Braeval Peru S.A.C., Oban Exploration Ltd., Oban Exploration (Barbados) Ltd., Oban Peru S.A.C, and 2407574 Ontario Inc. A subsidiary is an entity controlled by the Corporation. Control exists when an investor is exposed or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which the Corporation obtains control and are de-consolidated from the date that control ceases to exist. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

b) Foreign currency

i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Corporation's entities using the exchange rates prevailing at the dates of the transactions or an appropriate average exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Corporation's functional currency are recognized in the statement of loss.

ii) Functional and presentational currency

Items included in the financial statements of each consolidated entity of the Corporation are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

3) Significant accounting policies (continued)

b) Foreign currency (continued)

ii) Functional and presentational currency (continued)

The financial statements of entities that have a functional currency different from that of the Corporation are translated into Canadian dollars as follows: assets and liabilities are translated at the closing rate at the date of the statement of financial position, and income and expenses are translated at the average rate during an appropriate year. Equity transactions are translated using the exchange rate at the date of the transaction and all resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

c) Discontinued operations

A discontinued operation is a component of the Corporation that either has been disposed of or abandoned, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Assets, liabilities, comprehensive income, and cash flows relating to a discontinued operation of the Corporation are segregated and reported separately from the continuing operations of the Corporation in the year of reclassification, without restatement or re-presentation of comparative years prior to the reporting year in which the reclassification occurs. Losses of discontinued operations are disclosed separately from continuing operations with comparatives being represented in the statement of loss and comprehensive loss.

d) Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit and loss, directly attributable transaction costs. Measurement of financial assets in subsequent year depends on whether the financial instrument has been classified into one of four categories: fair value through profit and loss (“FVTPL”), held-to-maturity, available-for-sale (“AFS”) and loans and receivables. The classification is determined at initial recognition and depends on the nature and the purpose of the financial asset. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit and loss or other financial liabilities.

As of December 31, 2014 and 2013 there were no assets designated as held-to-maturity or AFS.

i) Fair value through profit and loss

The Corporation has classified cash and cash equivalents as FVTPL and measures it at cost, which approximates fair value. Cash and cash equivalents include cash on hand, deposits with banks, and other short-term highly liquid investments with original maturities of three months or less. Deposits with banks with maturities greater than twelve months are classified as non-current assets. Marketable Securities are also classified as FVTPL and measured at the value determined on the quoted active market where they are traded.

ii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

3) Significant accounting policies (continued)

d) Financial instruments (continued)

ii) Loans and receivables (continued)

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Corporation has designated other receivables as loans and receivables.

iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting year-end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The criteria that the Corporation uses to determine if there is objective evidence of an impairment loss includes:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding other receivables, is directly reduced by the impairment loss. The carrying amount of other receivables is reduced through the use of an allowance account. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent year, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment been recognized. A financial asset is derecognized when: the contractual right to the asset's cash flows expire; or if the Corporation transfers the financial asset and substantially all risks and rewards of ownership to another entity.

e) Exploration and evaluation assets

Exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project.

Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

3) Significant accounting policies (continued)

e) Exploration and evaluation assets (continued)

Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognized in the statement of loss.

Option-out agreements are accounted for as farm-out arrangements. The Corporation, as the farmor, does not record any expenditures made by the optionee on its behalf, does not recognize any gain or loss on the option-out arrangement, but rather re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained, any cash consideration received is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the Corporation as a gain on disposal.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment of non-financial assets).

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of proven reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets. Expenditures deemed to be unsuccessful are recognized in profit or loss immediately.

f) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss during the year in which they are incurred.

The major categories of equipment are depreciated on a declining or straight-line basis as follows:

Office equipment	20%
Computer equipment	30%
Leasehold Improvements	Term of the lease

The Corporation allocates the amount initially recognized in respect of an item of equipment to its material significant parts and depreciates each separately. Residual values, method of depreciation and useful lives of the asset are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gains and losses in the statement of loss.

g) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3) Significant accounting policies (continued)

g) Impairment of non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash generating unit” or “CGU”).

The Corporation’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting year for any indications that the loss decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset’s carrying value amount does not exceed the carrying amount that would have been determined, net of depreciation of amortization, if no impairment loss had been recognized.

h) Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition. The Corporation has classified other payables as financial liabilities.

j) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation’s obligations are discharged, cancelled or they expire.

3) Significant accounting policies (continued)

k) Income taxes

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to the previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

m) Related party transactions

A related party is a person or entity that is related to the Corporation; that has control or joint control over the Corporation; that has significant influence over the Corporation; or is a member of the key management personnel of the Corporation. An entity is related to a Corporation if the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

A related party transaction is a transfer of resources, services or obligations between a Corporation, and a related party, regardless of whether a price is charged. All transactions with related parties are in the normal course of business and are measured at the exchange amounts, being the amounts agreed to by the parties.

3) Significant accounting policies (continued)

n) Basic and diluted loss per share

The Corporation presents basic and diluted earnings per share ("EPS") data for its common shares. Basic earnings per share are calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares with respect to options, warrants and restricted shares is computed using the treasury stock method. As at December 31, 2014 and 2013, the Corporation did not have any dilutive instruments that would dilute the EPS.

o) Segmented reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Corporation's other components. All operating segments are reviewed regularly by management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Each segment is divided up by geographical location and the results that are reported to management including items directly attributable to each segment. Unallocated items comprise mainly of corporate assets (primarily the Corporation's head office), head office expenses, and income tax assets and liabilities.

p) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Corporation performs evaluations each reporting year to identify potential obligations.

q) Finance income and finance costs

Finance income comprises interest income on funds invested (including AFS financial assets), gains on disposal of AFS financial assets and changes in the fair value of financial assets at FVTPL. Interest income is recognized as it accrues in profit or loss. Finance costs comprise interest expense on borrowing, changes in the fair value of financial assets at FVTPL, impairment losses recognized on financial assets. Foreign currency gains and losses are reported on a net basis.

4) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years ended after December 31, 2014. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

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 year of service and to meet a specified performance target during the service year. A service condition solely requires the counterparty to complete a specified year 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 material 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 year, 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 material impact from the adoption of this standard.

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 years beginning on or after January 1, 2014 and will be applied prospectively. The Corporation has not identified any material impact from the adoption of this standard.

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 years 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 material impact from the adoption of this standard.

International Accounting Standard 32, "Financial Instruments: Presentation" ("IAS 32")

The amendments to IAS 32 'Financial Instruments: Presentation' ("IAS 32"), clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual years beginning on or after January 1, 2014, with retrospective application required. There was no material impact on the Corporation's consolidated financial statements upon adoption of these amendments.

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 years beginning on or after July 1, 2014. The Corporation does not expect any material 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 Corporation has evaluated the requirements of the new standard and does not expect any material impact from the adoption of this standard.

International Financial Reporting Standard 15, “Revenue from contracts with customers” (“IFRS 15”)

In May 2014, IFRS 15 ‘Revenue from contracts with customers’ (“IFRS 15”) was issued to specify how and when an entity would recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Corporation has evaluated the requirements of the new standard and does not expect any material impact from the adoption of this standard.

International Accounting Standard 16, “Property, plant and equipment” (“IAS 16”) and International Accounting Standard 38, “Intangible assets” (“IAS 38”)

In May 2014, the IASB issued amendments to IAS 16 ‘Property, plant and equipment’ (“IAS 16”) and IAS 38 ‘Intangible assets’ (“IAS 38”). The amendments are effective for annual years beginning on or after January 1, 2016 and are to be applied prospectively. The amendments clarify the factors in assessing the technical or commercial obsolescence, to provide a rebuttable presumption for intangible assets and the resulting depreciation year of an asset and state that a depreciation method based on revenue is not appropriate. The Corporation has evaluated the requirements of the new standard and does not expect any material 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 years beginning on or after July 1, 2014. The Corporation does not expect any material impact from the adoption of this standard.

International Financial Reporting Standard 11, “Joint Arrangements” (“IFRS 11”)

In May 2014, the IASB issued amendments to IFRS 11 ‘Joint Arrangements’ (“IFRS 11”). The amendments in IFRS 11 are effective for annual years beginning on or after January 1, 2016 and are to be applied prospectively. The amendments clarify the accounting for acquisition of interests in joint operations and require the acquirer to apply the principles on business combinations accounting in IFRS 3 ‘Business combinations’. The Corporation has evaluated the requirements of the new standard and does not expect any material impact from the adoption of this standard.

(In Canadian dollars)

5) Acquisition of Oban Exploration Ltd.

On April 14, 2014 the Corporation completed the acquisition (‘the Acquisition”) of Oban Exploration Ltd. (“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 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”) 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 70,019,208 common shares were issued in the acquisition.

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 transactions costs of $505,577. Additional transactions costs incurred by OEL in the amount of $160,373 were also incurred, which have been capitalized to the exploration and evaluation assets acquired.

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**

On April 22, 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.

6) VAT recoverable

VAT recoverable represents input tax credits in respect of the Corporation’s exploration and development activities that is claimable from the government of Peru. This VAT is recoverable against future VAT payable; therefore the Corporation classified them as non-current, as the actual timing of collection is uncertain. During the year ended December 31, 2014, in connection with certain impairment of exploration and evaluation assets in Peru, the Corporation determined that the recoverability of the VAT in Peru was not likely and therefore recognized a write-off of $1,320,135.

(In Canadian dollars)

6) VAT recoverable (continued)

Further, the VAT recoverable balance also contains amounts claimable from the government of Mexico. As of December 31, 2014, the Corporation has successfully collected a total of $123,980, which had previously been written-off.

7) Expenses from continuing operations

The following table summarizes information regarding the Corporation's expenses from operations for the years ended December 31, 2014 and 2013:

For the year ended	**December 31, 2014 (note 5)**	December 31, 2013
Compensation expense		
Stock-based compensation (note 12)	**$ 942,005**	$ 794,974
Salaries and benefits	**1,024,070**	405,133
Total compensation expenses	**$ 1,966,075**	$ 1,200,107
General and administration expense		
Shareholder and regulatory expense	**$ 56,229**	$ 56,874
Administrative services	**40,020**	29,114
Travel expense	**181,889**	130,400
Professional fees	**545,175**	374,271
Office expense	**307,785**	488,391
Total general and administration expenses	**$ 1,131,098**	$ 1,079,050
General exploration		
Latin America	**$ 43,591**	$ 52,158
North America	**82,857**	-
Other jurisdictions	**23,800**	-
Total exploration expenses	**$ 150,248**	$ 52,158
VAT recoverable written-off (note 6)	**$ 1,320,135**	$ -
Exploration and evaluation assets written-off (note 10)	**$ 14,766,289**	$ 1,499,856
Foreign currency exchange		
Realized Foreign currency exchange loss/(gain)	**$ 173,642**	$ (51,498)
Unrealized Foreign currency exchange gain	**(87,050)**	(5,875)
Total foreign exchange loss/(gain)	**$ 86,592**	$ (57,373)

8) Marketable Securities

As of December 31, 2014, marketable securities consist of 150,000 post-consolidation shares of a public company, which were acquired in exchange for consulting services, on November 11, 2013; and 239,000 shares of another public company, acquired during November 2014 as a strategic investment. These shares were marked-to-market as at December 31, 2014, resulting in an unrealized loss of $14,200 for the year ended December 31, 2014 (December 31, 2013 - $Nil).

(In Canadian dollars)

9) Equipment

The following table summarizes information regarding the Corporation's equipment as at December 31, 2014 and December 31, 2013:

December 31, 2014	Cost					Accumulated Depreciation					
Class	Opening Balance	Additions	OEL Cost Balance	Write-off / Disposals	Closing Balance	Opening Balance	Depreciation expense	OEL Depreciation	Write-off / Disposals	Closing Balance	Net book value
Computer Equipment	$ 47,719	$ -	$ 59,555	$ (1,880)	$105,394	$ 22,319	$ 15,030	$ 33,305	$ -	$70,654	$34,740
Office Equipment	10,983	1,747	31,337	(21,930)	22,137	2,112	3,116	11,990	(10,111)	7,107	15,030
Leasehold Improvements	4,030	-	14,443	(10,413)	8,060	739	5,117	873	(3,705)	3,024	5,036
	$ 62,732	$ 1,747	$ 105,335	$(34,223)	$135,591	$ 25,170	$ 23,263	$ 46,168	$(13,816)	$80,785	$54,806

December 31, 2013	Cost				Accumulated Depreciation				
Class	Opening Balance	Additions	Write-off / Disposals	Closing Balance	Opening Balance	Depreciation expense	Write-off / Disposals	Closing Balance	Net book value
Computer Equipment	$ 47,401	$ 6,954	$ (6,636)	$ 47,719	$ 11,376	$ 12,274	$ (1,331)	$ 22,319	$ 25,400
Office Equipment	5,575	14,367	(8,959)	10,983	-	3,232	(1,120)	2,112	8,871
Leasehold Improvements	-	16,576	(12,546)	4,030	-	2,420	(1,681)	739	3,291
	$ 52,976	$ 37,897	$ (28,141)	$ 62,732	$ 11,376	$ 17,926	$ (4,132)	$ 25,170	$ 37,562

10) Exploration and evaluation assets

	December 31, 2013	Acquisition of Oban Exploration Ltd. exploration and evaluation assets	Additions / (recoveries) in the year	Write offs in the year	December 31, 2014
Peru properties					
Arcopunco	$ 196,880	$ -	$ 133,277	$ -	$ 330,157
Antamayo	-	11,803,165	1,555,518	(13,358,683)	-
Marcahui	-	6,412,333	51,600	-	6,463,933
Magdalena	-	289,183	(65,008)	-	224,175
Bermejo	-	41,958	-	(41,958)	-
Chosicano	-	950,367	-	(950,367)	-
Canadian prospects					
Catharine Fault	-	-	98,420	-	98,420
Urban Barry	-	-	123,611	-	123,611
Generative properties					
Peru - Lithocaps	-	115,678	36,700	(52,701)	99,677
Peru - Low Capex	-	171,268	214,185	(271,102)	114,351
Peru - Deep Target	-	91,478	-	(91,478)	-
Total exploration and evaluation assets	$ 196,880	$ 19,875,430	$ 2,148,303	$ (14,766,289)	$ 7,454,324

(In Canadian dollars)

10) Exploration and evaluation assets (continued)

	December 31, 2012	Additions in the year	Write offs in the year	Written off to discontinued operations	December 31, 2013
Colombia properties					
Mina Seca - Snow Mine	$ 1,085,917	$ 130,460	$ -	$ (1,216,377)	$ -
Las Nieves - Snow Mine	3,430,627	760,308	-	(4,190,935)	-
Casa de Barro - Snow Mine	234,568	125,431	-	(359,999)	-
La Nevera - Snow Mine	156,959	67,001	-	(223,960)	-
Mexico properties					
Guaynopa	295,205	461,609	(756,814)	-	-
El Petate	-	77,334	(77,334)	-	-
Peru properties					
Arcopunco	155,507	182,351	(140,978)	-	196,880
Retazos	226,460	65,382	(291,842)	-	-
Terciopelo	37,126	37,918	(75,044)	-	-
Generative properties					
Peru - Lithocaps	127,568	30,276	(157,844)	-	-
Nicaragua	684	96,558	-	(97,242)	-
Honduras	23,942	44,031	-	(67,973)	-
Total exploration and evaluation assets	$ 5,774,563	$ 2,078,659	$(1,499,856)	$ (6,156,486)	$ 196,880

Peru properties

a) Arcopunco

On January 26, 2012, the Corporation signed a letter of intention ("LOI") for 100% of the exploration authorization from Trabante de Huancavelica, Las Anima and Tres Mosqueteros in Peru. On August 2, 2012, the Corporation signed the final agreement with all three parties. The Corporation upon signing paid USD$60,000, and USD$100,000 on February 21, 2014. Additional payments due of USD$200,000 on February 22, 2015 and USD$2,000,000 on February 22, 2016, for 80% interest in the property are also required. An additional payment of USD$3,000,000 can be made within 90 days of the exercise of the first option to earn up to 100% of the property. On August 16, 2013, the Corporation extended the terms of the last option payment of USD$2,000,000 to USD$1,000,000 due on the third anniversary date upon signing and USD$1,000,000 due on the fourth anniversary date upon signing. On February 3, 2015, a new addendum was signed to modify further the option payments now being USD$1,200,000 due on February 22, 2016 and USD$1,000,000 due on February 22, 2017.

Upon commencement of production, the agreement is subject to a Net Smelter Royalty ("NSR") of 1.5% The Corporation may repurchase the NSR for a total amount of USD$15,000,000.

As a result of the Acquisition of OEL (note 5), the Corporation acquired the following exploration and evaluation assets, listed below:

b) Antamayo property

On June 30, 2011, the Corporation entered into an option agreement with a titleholder to earn an undivided 100% interest in the Antamayo property located in Peru. In order to complete the acquisition, the Corporation was required to make payments to the titleholder totalling USD$1,000,000 over three years for a 70% interest, and an additional payment of USD$9,000,000 to earn the remaining 30% interest.

10) Exploration and evaluation assets (continued)

Peru properties (continued)

b) Antamayo property (continued)

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 December 31, 2014. The Corporation paid USD$50,000 on 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 of the venture.

As a result of the acquisition of the Antamayo property from OEL (note 5), a total of $8,355,119 was added to the book value of this property, to reflect the fair value determined by the independent valuator as well as a portion of the costs directly attributable to this transaction.

During the year ended December 31, 2014 a drilling campaign was completed on the Antamayo Project, from which it was determined that the mineralization in the system encountered was not significant enough for the Corporation to justify further drilling or exploration. Accordingly, the Corporation has begun the process of formally terminating the option agreement and has recognized a write-off of $13,358,683 as at December 31, 2014.

The Corporation is not required to make any further option payments in connection with the Antamayo property.

c) Marcahui property

On June 30, 2011, the Corporation entered into an option agreement with a titleholder to earn an undivided 100% interest in the Marcahui property located in Peru. In order to complete the acquisition, the Corporation is required to make payments to the titleholder totalling USD$2,360,000 over three years for an 80% interest and an additional payment of $3,000,000 to earn the remaining 20%. The Corporation was also required to complete a total of 1,000 m of drilling by the second anniversary date after signing, which was fulfilled at the end of June 2012. The Corporation paid USD$30,000 on signing the agreement, and an additional USD$130,000 was paid during 2012. No option payments were made during 2013 nor during the year ended December 31, 2014. If the Corporation decides not to earn the additional 20% interest after the cash payments and expenditures have been completed, a joint venture will be formed with the Corporation as sole operator. Once the joint venture is formed, each participating party can convert 10% of their participating interest into a 1.5% NSR.

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 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. The optionee was also required to make a USD$200,000 payment to the titleholder, which was completed in October 2013. During the year ended December 31, 2014, the optionee notified the Corporation of the termination of this option agreement; the Corporation has amended the agreement with the titleholder to extend the due date of the final USD$2,000,000 payment by one year, to December 31, 2015.

As a result of the Acquisition of the Marcahui property from OEL (note 5), a total of $4,699,755 was added to the book value of this property, to reflect the fair value determined by the independent valuator as well as a portion of the costs directly attributable to this transaction.

10) Exploration and evaluation assets (continued)

d) Magdalena property

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, 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 USD$520,000 payments due over the three year and is required to pay Oban a total of USD$218,000 either upon execution of the option agreement, or after 2015 (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 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 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 11, 2014, the Corporation and the optionee terminated the option agreement with the titleholder with regards to the Claudias concession; and as a result, the commitment for the final payment of USD$295,000 was transferred directly to the Corporation, however as at December 31, 2014, the Corporation has yet to receive the funds. On December 2nd, 2014, Peru Minerals completed the second option payment of USD$55,900, which resulted in a decrease in the value of the asset of $65,008 as of December 31, 2014.

e) Bermejo property

The Corporation acquired exploration rights on the Bermejo property, located in the Huaura region, in the north of Lima, and which is primarily focused on copper-gold and base metals. During the year ended December 31, 2014, the Corporation determined not to continue pursuing the Bermejo project, and therefore recognized a write-off of $41,958.

f) Chosicano property

On June 14, 2011, the Corporation entered into an agreement to acquire 100% of the exploration claims from one titleholder for the Chosicano property in Peru. The Corporation paid USD$70,000 upon signing the agreement, USD$90,000 in September 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 year ended December 31, 2014, the Corporation decided to not to continue with the project, terminating the contract and therefore recognizing a write-off of $950,367.

10) Exploration and evaluation assets (continued)

Canadian prospects

a) Catharine Fault

On November 28, 2014 the Corporation signed a letter of agreement with a non-related titleholder to acquire the undivided 100% interest of the Cote property, located in northern Ontario. The final option agreement was executed on December 23, 2014, with an option payment of $60,000 being paid on signing. Additional option payments of $75,000 are due upon the first anniversary date after signing, $85,000 on the second anniversary date after signing, $100,000 on the third anniversary date after signing and $140,000 upon the fourth anniversary date after signing. The agreement is also subject to a 2% net smelter royalty, which can be purchased for $1,000,000 per 1% NSR.

b) Urban Barry

During the year ended December 31, 2014, the Corporation staked 1,254 claims in the Urban Barry area of Quebec. The exploration expenditures spent on the property were for the cost of staking the land. In order to maintain the claims, the Corporation is required to spend $1,504,800 within the next two years from the date of staking.

Generative properties

a) Lithocaps properties

The Corporation acquired exploration rights to properties located throughout Peru by staking claims. The properties are primarily focused on copper-gold and base metals. During the year ended December 31, 2014, the Corporation completed an exploration program and concluded not to pursue various claims in the region, therefore recognizing a write-off of $52,701.

b) Low capital cost properties

The Corporation acquired exploration rights to properties located in Peru by staking claims along the coast. The properties are primarily focused on copper and base metals. During the year ended December 31, 2014, the Corporation completed an exploration program and concluded not to pursue various claims in the region, therefore recognizing a write-off of $271,102.

c) Deep-skarn properties

The Corporation acquired exploration rights to properties located in Peru by staking claims in the Central Andes. The properties were primarily focused on copper and base metals. During the year ended December 31, 2014, the Corporation completed an exploration program and concluded not to pursue these claims, therefore recognizing a write-off of $91,478.

11) Discontinued operations

In the prior year-ended December 31, 2013, the Corporation begun the process closing its subsidiaries located in Colombia, Nicaragua and Honduras. The Corporation classified these subsidiaries as discontinued operations as required per IFRS 5.

(In Canadian dollars)

11) Discontinued operations (continued)

The following table summarizes the results of discontinued operations for the year ended December 31, 2014 and 2013. There were no expenditures related to discontinued operations during the year ended December 31, 2014:

For the year ended	**December 31, 2014**	December 31, 2013
Colombia		
Compensation expense	**$ -**	$ 215,808
General administrative expense	**-**	677,839
General exploration expense	**-**	127,507
Exploration and evaluation assets writen-off	**-**	4,337,342
Foreign currency exchange loss	**-**	22,826
Finance costs	**-**	15,892
Loss from Colombian operations	-	5,397,214
Honduras and Nicaragua		
General administrative expense	**-**	115,088
General exploration expense	**-**	55,036
Exploration and evaluation assets writen-off	**-**	165,215
Foreign currency exchange loss	**-**	1,395
Finance costs	**-**	807
Loss from Honduras and Nicaragua	-	337,541
Total loss from discontinued operations	$ -	$ 5,734,755

The following table summarizes the results of cash flows from discontinued operations included in the consolidated statements of cash flows for the year ended December 31, 2014 and 2013**:**

For the year ended	**December 31, 2014**	December 31, 2013
Cash flows (used in)/provided by operating activities		
Loss from discontinued operations	**$ -**	$ (5,734,755)
Adjustments for:		
Exploration and evaluation assets written-off	**-**	4,502,557
Write-off of plant and equipment and other receivables	**-**	24,758
Depreciation	**-**	5,273
Finance costs	**-**	(1,603)
	-	(1,203,770)
Change in items of working capital:		
Change in other receivables	**13,572**	91,240
Change in prepaid expenses and advances	**-**	17,432
Change in other payables and accrued liabilities	**(45,973)**	(120,128)
Interest paid	**-**	(15,586)
Net cash used in operating activities from discontinued operations	**(32,401)**	(1,230,812)
Cash flows (used in)/provided by investing activities		
Interest received	**-**	17,189
Recoveries related to exploration and evaluation expenditures	**-**	775,895
Acquisition of plant and equipment	**-**	(41,289)
Net cash used by investing activities from discontinued operations	**-**	751,795
Cash flows provided by financing activities	**-**	-
Decrease in cash and cash equivalents from discontinued operations	**$ (32,401)**	$ (479,017)

(In Canadian dollars)

11) Discontinued operations (continued)

During the prior year ended December 31, 2013, the Corporation entered into an agreement to sell its Colombian subsidiary Inversiones Cummings to a non-related party, in the amount of USD$40,000, equivalent to $41,266, and payable in four instalments, which were fully paid at December 31, 2014. The Nicaragua subsidiary was closed during the fourth quarter of 2014, whereas Braeval Minera Honduras S.A. was closed during the quarter ended June 30, 2014.

12) Capital and other components of equity

a) Share capital - Authorized

	Number of Common Shares		Amount
Balance January 1, 2013, and December 31, 2013	93,767,786	$	26,859,121
Consolidation of shares	**(63,905,433)**		**-**
Issuance of shares on acquisition of Oban Exploration Ltd.	**70,019,208**		**25,280,459**
Balance December 31, 2014	**99,881,561**	**$**	**52,139,580**

The authorized capital of Oban consists of an unlimited number of common shares. The holders of common shares are entitled to one vote per share at shareholder meetings of the Corporation. All shares rank equally with regard to the Corporation's residual assets.

On April 14, 2014, as described in note 5, the Corporation consolidated the common shares issued and outstanding at that date, on the basis of one post-consolidation common share for every 3.14 pre-consolidation common shares.

b) Loss per share

The calculation of basic loss per share for the year ended December 31, 2014 and 2013 was based on the loss attributable to common shareholders and a weighted average number of common shares outstanding, calculated as follows:

For the year ended	**December 31, 2014**	December 31, 2013
Common shares outstanding, at beginning of the year	**93,767,786**	93,767,786
Consolidation of shares	**(63,905,433)**	(63,905,433)
Common shares issued during the year	**48,725,695**	-
Balance, December 31	**78,588,048**	29,862,353
Net loss for the year from continuing operations	**$ 19,336,533**	$ 3,680,395
Net loss for the year from discontinued operations (note 11)	**-**	5,734,755
Net loss for the year	**$ 19,336,533**	$ 9,415,150
Loss per share from continuing operations	**$ 0.25**	$ 0.12
Loss per share from discontinued operations	**0.00**	0.19
Loss per share for the year	**$ 0.25**	$ 0.31

(In Canadian dollars)

12) Capital and other components of equity (continued)

c) Dilutive earnings per share

The calculation of fully diluted loss per share has not been provided, as there were no dilutive instruments outstanding during the year. As at December 31, 2014, the Corporation had 7,040,000 (2013 – 5,950,000) stock options outstanding that have not been included as the impact would be anti-dilutive.

d) Contributed surplus

On June 2011, the Board of Directors established an incentive stock-option plan to provide additional incentive to its directors, officers, employees and consultants. The maximum number of shares reserved for issuance under the incentive stock option plan is 10% of the issued and outstanding common shares. The options issued under the Plan may vest at the discretion of the Board of Directors and are exercisable for a year of up to 5 years from the date of grant.

The following table summarizes the stock option transactions for the year ended December 31, 2014:

	Number of stock options		Weighted-average exercise price
Outstanding, January 1, 2013	5,850,000	$	0.60
Granted	250,000		0.60
Forfeited	(150,000)		0.60
Outstanding at December 31, 2013	**5,950,000**		**0.60**
Forfeited (pre-consolidation)	**(50,000)**		**0.60**
Cancelled (pre-consolidation)	**(5,900,000)**		**0.60**
Balance pre-consolidation	**-**		**-**
Granted (post-consolidation)	**7,040,000**		**0.22**
Outstanding at December 31, 2014	**7,040,000**	**$**	**0.22**

On February 28, 2014, 50,000 options granted to an employee were forfeited.

On April 22, 2014, the 5,900,000 stock options outstanding were cancelled and replaced with 7,040,000 new stock options issued to directors, management and employees, at an exercise price of $0.22 for a year of 5 years. The options have been fair valued at $0.16 per option using the Black-Scholes option-pricing model. One third of these options vest immediately with the remaining thirds each vesting on the first and second anniversaries from the date of grant.

The total recognized expense for stock options for the year ended December 31, 2014 was $942,005 (2013 - $794,974), from which $54,082 resulted from the stock options cancelled on April 22, 2014.

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at December 31, 2014:

Exercise Price	Number of Stock Options Outstanding	Weighted-Average Remaining years of Contractual Life	Number of Stock Options Exercisable		Weighted Average Exercisable Price
$0.22	**7,040,000**	**4.307**	**2,346,663**	**$**	**0.22**

(In Canadian dollars)

12) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The fair value of the Company's options granted during the year ended December 31, 2014, was estimated using the following Black-Scholes option-pricing model using the following assumptions:

For the year ended December 31,		**2014**
Fair value at grant date	**$**	**0.16**
Forfeiture rate		**0.0%**
Share price at grant date	**$**	**0.22**
Exercise price	**$**	**0.22**
Expected volatility		**99.7%**
Dividend yield		**0.0%**
Option life (weighted average life)		**5 years**
Risk-free interest rate (based on government bonds)		**1.59%**

13) Related party transactions

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 Chief Executive Officer	Officer and Director
• Chief Financial Officer	Officer
• Vice-President of Exploration	Officer
• Directors	

During the year ended December 31, 2014 and 2013, consulting fees of $208,078 (2013 – $360,179) were incurred with Talisker Exploration Services Inc., a company related to Mr. Chris Lodder, Mr. Terence Harbort, and Mr. Ruben Padilla, members of the Advisory Committee of the Corporation, out of which an owing balance of $27,652 is included within accounts payable at December 31, 2014 (2013 – $nil). 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 (note 5), 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.

a) Compensation of key management personnel

For the year ended		**December 31, 2014**		December 31, 2013
Salaries expense of key management	**$**	**576,889**	$	344,942
Directors' fees		**189,437**		143,664
Stock-based compensation		**921,985**		763,295
Compensation of key management personnel	**$**	**1,688,311**	$	1,251,901

(In Canadian dollars)

13) Related party transactions (continued)

There were no directors' fees accrued as of December 31, 2014.

14) Capital risk factors

The Corporation manages its capital structure and makes adjustment to it, based on the funds available to the Corporation, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business.

The properties in which the Corporation currently has an interest are in the exploration stage; as such the Corporation is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Corporation will spend its working capital and raise additional amounts as needed.

The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it is deemed there is sufficient geological or economic potential and if adequate financial resources are available. Management reviews its capital management approach on an ongoing basis and believes this approach, given the size of the Corporation, is reasonable. Neither the Corporation nor its subsidiaries are subject to externally imposed capital requirements.

15) Financial instruments

The Corporation has designated its cash and cash equivalents, and marketable securities as FVTPL, and its other receivables as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2014 and 2013, the carrying and fair value amounts of the Corporation's financial instruments are the same.

The Corporation values instruments carried at fair value using quoted market prices, where applicable. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

As at December 31, 2014 and 2013 the Corporation classified cash and cash equivalents as well as marketable securities as Level 1, and Loans and receivables as Level 2.

	December 31, 2014			December 31, 2013		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 10,998,647	-	-	$ 11,054,929	-	-
Marketable securities	$ 31,820	-	-	$ 15,000	-	-

Financial risk factors

The Corporation's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Corporation's exposure to these risks and its methods of managing the risks remain consistent. There have been no changes in the risks, objectives, policies and procedures from the previous year.

15) Financial instruments (continued)

Financial risk factors (continued)

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet contractual obligations, and arises principally from the Corporation's other receivables. The carrying value of the financial assets represents the maximum credit exposure.

The Corporation's credit risk is primarily attributable to receivables included in other receivables. The Corporation has no significant concentration of credit risk. Financial instruments included in other receivables consist of receivables from unrelated companies. Management believes that the credit risk receivables concentration with respect to financial instruments included in other receivables is remote.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis and its expansionary plans.

The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As at December 31, 2014, the Corporation had a cash balance of $10,881,654 (2013 - $11,054,929) to settle current liabilities of $486,703 (2013 - $301,539).

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 financial commitments outstanding as at December 31, 2014 (note 18).

c) Commodity price risk

Commodity price risk arises from the possible adverse effect on current and future earnings due to fluctuations in commodity prices. The ability of the Corporation to develop its properties and the future profitability of the Corporation is directly related to these prices. The Corporation does not enter into any derivative financial instruments to manage exposures to price fluctuations.

d) Market risk

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation monitors its exposure to interest rate and has not entered into any derivative financial instruments to manage this risk. The Corporation has a cash balance and no interest-bearing debt. The Corporation holds cash and cash equivalents in deposit form in a major Chartered Canadian bank.

If market interest rates for the year ended December 31, 2014, had increased or decreased by 0.1%, with all variables held constant, the loss for the year ended December 31, 2014, would have been approximately $10,500 lower/higher, as a result of higher/lower interest income from cash and cash equivalents. Similarly, as at December 31, 2013, shareholders' equity would have been approximately $10,540 lower/higher because of higher/lower interest income from cash and cash equivalents due to a 0.1% increase/decrease in interest rates.

15) Financial instruments (continued)

Financial risk factors (continued)

d) Market risk (continued)

ii) Foreign exchange risk

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Corporation's presentational currency is the Canadian dollar and major purchases are transacted in Canadian dollars, US dollars, Peruvian Nuevo Sol, and Mexican peso. The Corporation funds certain operations, exploration and administrative expenses on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts. The Corporation currently does not enter into financial instruments to manage foreign exchange risk. Fluctuations in the exchange rates may, consequently, have an impact upon the reported operations of the Corporation and may affect the value of the Corporation's assets and liabilities.

Financial instruments denominated in Peruvian Nuevo Sol, Mexican peso and United States dollar are subject to foreign currency risk. As at December 31, 2014, had the Peruvian Nuevo Sol, Mexican peso and United States dollar weakened/strengthened by 10% against the Canadian dollar, with all other variables held constant, the Corporation's loss for the year ended December 31, 2014, would have been approximately $4,380 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

Similarly, as at December 31, 2013, shareholders' equity would have been approximately $3,000 higher/lower had the Peruvian Nuevo Sol, Mexican peso and United States dollar weakened/strengthened by 10% as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

The following table summarizes the Canadian dollar average exchange rate for the years ended December 31, 2014 and 2013:

Currency	**December 31, 2014**	December 31, 2013
United States dollar (USD)	**0.906**	0.971
Peruvian Nuevo Sol (PEN)	**2.532**	2.580
Mexican Peso (MXN)	**12.039**	12.382

e) Operational risk

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of base and precious metals and other minerals may result in substantial rewards, few properties, which are explored, are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; unavailability of labour; any delays inherent in obtaining government approvals or in the completion of development or construction activities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Corporation's operations.

(In Canadian dollars)

15) Financial instruments (continued)

Financial risk factors (continued)

e) Operational risk (continued)

Mining operations generally involve a high degree of risk. The operations of the Corporation are subject to all the hazards and risks normally encountered in the exploration, development and production of base and precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

16) Income taxes

The reconciliation of the effective tax expense or recovery to the tax recovery computed using the Canadian statutory rate of 26.5% is as follows:

For the years ended December 31,		**2014**		2013
Loss from continuing operations before income taxes	**$**	**(19,336,533)**	$	(3,680,395)
Income tax recovery computed at Canadian statutory tax rate		**(5,124,182)**		(975,305)
Permanent items		**3,907,672**		229,329
Foreign rate differential		**(559,714)**		(69,347)
Change in unrecognized deferred tax assets		**1,796,454**		(765,400)
Change in unrecognized deferred tax asset related to discontinued operations		**-**		1,583,976
Other reconciling items		**(20,230)**		(3,253)
Income tax recovery	**$**	**-**	$	-

Deferred tax assets have not been recognized in respect of the following temporary differences, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

For the years ended December 31,		**2014**		2013
Losses	**$**	**18,750,153**	$	4,630,959
Share issue costs		**589,207**		876,647
Deductible temporary differences		**1,664**		-
Total deductible temporary differences	**$**	**19,341,024**	$	5,507,606

The amounts and expiry dates of unused tax losses for which no deferred tax asset is recognized in the consolidated statements of financial position are as follows:

Country	Type of Loss		**Amount**	Expiry Dates
Canada	Non-capital loss	**$**	**6,531,735**	2030 to 2034
Canada	Capital loss	**$**	**1,977,241**	Indefinite
Peru	Operating loss	**$**	**8,912,381**	Indefinite
Mexico	Operating loss	**$**	**1,328,796**	2020 to 2024
		$	**18,750,153**	

The operating losses in Peru are limited 50% deduction against future profits. The capital losses in Canada are limited to being offset against any future capital gains income.

(In Canadian dollars)

17) Segmented information

The Corporation is involved in the exploration and development of mineral deposits. Segmented information is provided on the basis of geographical segments as the Corporation manages its business and exploration activities through geographical regions – Canada, Mexico, and Peru. Previous business segments in Colombia, Nicaragua and Honduras have been recorded as discontinued operations.

The business segments presented reflect the management structure of the Corporation and the way in which the Corporation's management reviews business performance.

The Corporation evaluates performance of its operating segments as follows:

For the year ended December 31, 2014		**Assets**		**Loss for the year**
Canada	**$**	**11,662,180**	**$**	**3,145,081**
Mexico		**131,819**		**41,873**
Peru		**7,024,406**		**16,149,579**
Total	**$**	**18,818,405**	**$**	**19,336,533**

For the year ended December 31, 2013		Assets		Loss for the year
Canada	$	11,293,549	$	1,715,213
Mexico		88,593		1,029,793
Peru		239,331		935,389
Discontinued operations		129,775		5,734,755
Total	$	11,751,248	$	9,415,150

18) Commitments

The Corporation has the following commitments as at December 31, 2014:

(In USD$)	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**
Arcopunco Project*	$ 5,200,000	$ -	$ 1,200,000	$ 4,000,000	$ -	$ -
Marcahui Project**	$ 2,000,000	$ 2,000,000	$ -	$ -	$ -	$ -
Total in USD	**$ 7,200,000**	**$2,000,000**	**$1,200,000**	**$4,000,000**	**$ -**	**$ -**

** Arcopunco Project due date of the 2015 option payment was extended for one year.*
*** Marcahui Project due date of the 2015 option payment was extended to the end of 2015.*

(In CAD$)	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**
Catharine Fault Prospect*	$ 400,000	$ 75,000	$ 85,000	$ 100,000	$ 140,000	$ -
Urban Barry Prospect	$ 1,504,800	$ -	$ 1,504,800	$ -	$ -	$ -
Total in CAD	**$ 1,904,800**	**$ 75,000**	**$1,589,800**	**$ 100,000**	**$ 140,000**	**$ -**

** Quebec Prospects minimum exploration commitment of $1,200 per claim (1,254) to be made within two years from the date of grant.*

18) Commitments (continued)

On November 6, 2012 the Corporation signed a sublease agreement for office space, under which is committed to annual payments of approximately $220,000 for a five year term, which terminated on February 28, 2018. During the year ended December 31, 2014, the term of this lease was reduced to four years, now terminating on February 28, 2017.

In connection with the agreement, the Corporation signed an $80,000 letter of credit, which is supported by a GIC deposit at a Canadian Chartered Bank included within restricted cash. On March 3, 2015, the letter of credit was reduced to $26,666, upon completion of the second year of the lease agreement.

19) Subsequent events

On February 2, 2015, the Corporation signed an agreement with a non-related company to acquire the undivided 100% interest of the Kirkland Lake property, located in northern Ontario, for an aggregate payment of $130,000. The Corporation made a first option payment of $65,000 upon signing, with an additional option payment of $65,000 due on the first anniversary date upon signing. The agreement is also subject to an existing royalty granted to a third party for certain claims, which can be purchased for $500,000, and also a 2% net smelter royalty, ("NSR") granted to another entity.

On February 4, 2015, the Corporation signed an agreement with a non-related company to acquire the undivided 100% interest of the Hunter property, located in northern Ontario, for an aggregate payment of $150,000. The Corporation made a first option payment of $20,000 upon signing, with additional option payments due of $30,000 on the first anniversary date upon signing, $45,000 on the second anniversary date upon signing, and $55,000 on the first anniversary date upon signing. The agreement is also subject to a 2% NSR, which can be purchased for $1,000,000 per 1% NSR.

On February 22, 2015, the Corporation signed an agreement with a non-related company to acquire up to 70% undivided interest of the Miller property, located in north-eastern Ontario. Under the terms of the agreement, the Corporation can earn up to a 51% interest in the Property by subscribing for $300,000 in common shares of Northstar Gold Corporation ("Northstar") at $0.10 per share, and making payments of $510,000 and incurring expenditures of $2,490,000 over three years. The Corporation can earn a further 9% interest by making a payment of $300,000 and incurring expenditures equal to $1,700,000 by the fifth anniversary, and a further 10% by the sixth anniversary for payment of $700,000 and expenditures equal to a further $1,300,000 and at the option of the Corporation, make either a $1,300,000 payment or commitment to fund the Miller property through to completion of a pre-feasibility study. The Corporation can form a joint venture at anytime after it has acquired 51% interest in the Property. Once the joint venture is formed simple dilution will take place until one party has been diluted to 10% or less, at which time the remaining 10% interest will be converted to a 2% NSR of which 1% can be purchased for $2,000,000 and the remaining 1% will have the right of first refusal to purchase. The Corporation completed the acquisition of Northstar shares on March 03, 2015.

On February 23, 2015, the Corporation signed an agreement with a non-related company to acquire the undivided 100% interest of the Olsen property, located in northern Ontario, for an aggregate payment of $50,000, which was completed upon signing. The agreement is also subject to a 1% NSR, which can be purchased for $500,000 for each of the patented land that conforms the property.