

Form 51-102F1

Management's Discussion and Analysis of Financial Position and Results of Operations

Year Ending –December 31, 2006

General

The following information, prepared as of April 20, 2007, should be read in conjunction with the audited consolidated financial statements of Odin Mining and Exploration Ltd. (the "Company") for the year ended December 31, 2006, as well as the audited consolidated financial statements for the year ended December 31, 2005 and the related management's discussion and analysis (the "Annual MD&A"). All amounts are expressed in US dollars unless otherwise indicated and have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Forward-Looking Information

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. If used in this document, the words "anticipate", "believe", "estimate", "expect", and similar expressions, relate to the Company or its management, are statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Important factors are identified in this Annual MD&A.

Description of Business, Operations and Financial Condition

The Company's business continues to be to focus on exploration opportunities and to carry out early-stage mineral exploration on properties offered to Odin and identified by management as having realistic discovery potential. If early stage exploration proves fruitful, the Company will then decide at what stage in project development to seek joint venture partners to fund further exploration and to add partners' expertise, or whether to proceed to development without reliance on partners.

With the abandonment of the Central Plateado group of concession applications in the second quarter of 2006, the Company's exploration activities can now be considered as consisting of three projects. South Plateado and North Plateado in the south-east of the country are targeting epithermal/mesothermal gold mineralisation and porphyry-style copper-gold/molybdenum mineralisation respectively, and the Cangrejos project in the south-west of the country is targeting porphyry-style gold-copper mineralisation. The concessions held under title as of the end of December 2006 are summarized in Table 1 below.

Project Area	Concessions Held	Area (ha)
Plateado South	7	7,015
Plateado North	6	19,710
Cangrejos	11	7,799
TOTALS	24	34,524

Table 1: Summary of Odin's concession holdings

Fieldwork was carried out during the year on both the South Plateado and Cangrejos project areas. However, at North Plateado the local indigenous community voted to deny access to the areas under their control to all mineral exploration and mining companies. Negotiations are ongoing to resolve the issue. Consequently, no fieldwork was attempted here during 2006, even though the Company had considered fieldwork at North Plateado a priority for 2006/7.

In November 2006 the Company engaged Mr Armando Carvajal, a senior Ecuadorian geologist, on a 12-month contract after employing him on a series of short-term contracts throughout the year. Mr Carvajal is very well known to the Company having worked for Odin for eight years prior to Odin's decision to suspend field activities at the end of 1997. Mr Carvajal was in direct charge of all Odin's fieldwork carried out during 2006 under the direction of Mr Michael Potter, MSc, MBA, MAusIMM, MIMMM, an independent geological consultant. Mr Potter acts as the "qualified person" in terms of NI 41-101 for the geological work described.

1. South Plateado Project Area

1a. Los Planes Target

The fieldwork carried out in 2004 on the Los Planes target located anomalous gold and arsenic soil values on nearly all lines in two relatively small (32 ha and 64 ha) gridded areas located 1.5 km apart. These grids are located within a NNE trending, 4000m x 700m (approx 300ha), +15 ppb gold anomaly as interpreted from the results of reconnaissance, ridge and spur soil sampling carried out in 1997 by Cambior Inc. ("Cambior"). At that time Cambior was Odin's joint venture partner in the project. This large, low-value soil anomaly contains several, abandoned, artisanal gold workings, where narrow, low-sulphide, epithermal/mesothermal quartz veins hosted by andesites of the Misahualli formation have historically given localized spot grades up to 105 g/t.

The anomalous values are difficult to correlate between lines, and soil creep in the steep terrain has almost certainly complicated the situation. The exposed veins found were low-grade (5.5 g/t Au max.), rather variable in thickness and lacking in lateral continuity. The associated alteration tends to be weak, sporadically developed and of low tenure. However, while the exposures so far seen do not themselves constitute a significant body of mineralization, they may represent geochemical leakage from something more substantial at depth.

During 2005 priority was given to fieldwork at Cangrejos, and no work was done at Los Planes beyond maintenance of the grid lines cut in 2004. In the second half of 2006 the Company decided to check for the occurrence of additional anomalies between the two 2004 grids with a top-of-bedrock soil sampling

programme on a 10m x 320m staked grid and to extend this grid somewhat to the north of the northern 2004 grid.

A reconnaissance trip was made to the site in mid-September to check on current conditions on the ground, and field crews mobilised to the area immediately after the first round of presidential elections on 15 October. By the end of the year, 655 samples had been collected during two field entries with the third and final entry being completed at end January 2007. The minus 80 mesh (sub 180 micron) fraction of each soil sample was analysed by ACME Analytical Services Limited in Vancouver for gold, arsenic and 34 other elements using the ICP-MS (inductively coupled plasma-mass spectrometry) technique for gold, arsenic and 34 other elements after an aqua-regia leach on a 30 gm aliquot. Table 1 below summarizes the results obtained for gold and arsenic for all the systematic samples collected during the various entries.

AREA element	percentile				
	min	10%	50%	90%	max
RECCE GRID (part 1: Oct/Nov 2006 -200 samples)					
Au (ppb)	1	5	24	140	417
As (ppm)	3	8	34	161	1777
RECCE GRID (part 2: Dec 2006 - 455 samples)					
Au (ppb)	<0.5	2	14	88	4324
As (ppm)	<0.5	3	19	126	6153
RECCE GRID (part 3: Jan 2007 - 402 samples)					
Au (ppb)	<0.5	2	9	85	5444
As (ppm)	<0.5	3	23	317	3234
TOTAL RECCE GRID [part 1+2+3] (1057 samples)					
Au (ppb)	<0.5	3	14	100	5444
As (ppm)	<0.5	3	23	193	6153

Table 1 Los Planes: Summary of top-of-bedrock soil sampling results (-80 mesh fraction)

Anomalous gold (>100 ppb Au) and anomalous arsenic (>100 ppm As) occur on all lines sampled over a strike length of 3500 m. The anomalous arsenic values correlate closely in space with the anomalous gold values. However, the arsenic values tend to have a more consistent and extensive distribution than the gold values. At the wide spacing used detailed correlation of anomalies from line to line for both gold and arsenic is uncertain. Hill creep on the steep (to 45°), often forested terrain, and the narrow widths of the quartz veins and veinlets targeted further complicate the situation.

The main concentrations of higher values are still within the areas of the grids sampled in 2004. However, obvious arsenic and gold anomalies are clearly present on the lines immediately south and north of the northern grid sampled in 2004 and on the line immediately north of the southern grid sampled in 2004. This indicates a potential for further infill sampling to extend these known anomalies. Furthermore, a new arsenic anomaly seems to be developing on the northernmost two lines. However, the associated gold values obtained to date are relatively muted.

The field crews have now started a programme of geological mapping, rock sampling and stream sediment sampling along the creeks around the main soil anomalies in order to obtain additional evidence

as to the distribution of gold in the bedrock. It is hoped that the steep nature of the terrain will allow an insight to be gained into any indications of an increase in thickness and/or grade of the veins and veinlets with depth.

1b. Sangola Target

During 2006 no fieldwork was undertaken on the Sangola gold anomaly located 20 km to the NNE of the Los Planes anomaly. The detailed stream sediment sampling, geological mapping and rock sampling planned for 2006 will now be carried out in 2007.

2. North Plateado Project Area

The North Plateado project area lies about 50 km to the NNE of the South Plateado project area. North Plateado contains two potential porphyry-style targets at Shamataka (Au-Cu) in the south and Las Orquideas (Cu-Mo) in the north. No fieldwork was carried out on either of these properties during 2004, 2005 or 2006 because of uncertainties about access and environmental issues resulting from the inclusion of all the Shamataka target and much of the Las Orquideas target within the Nangaritza Protected Forest on ground controlled by indigenous peoples.

The Company had regarded North Plateado as its priority area for fieldwork in 2006/7. However, in July 2006 a company representative attended a meeting with delegates of the local indigenous communities in the area to seek permission to enter the ground under their control in order to recommence exploration activities. The assembly unanimously voted to deny access to their ground to all mining and exploration companies. The Company is now considering engaging the services of a professional negotiator who has some years of experience with the local indigenous communities.

In response to the increasing level of interest in exploration activity in the general area along Ecuador's south-eastern border with Peru, Odin withdrew the application that it had filed at the beginning of the year to reduce the size of the North Plateado concessions. However, one small concession of 135 ha with little exploration potential was allowed to expire.

The ground between the North and South Plateado is a roadless, inhospitable terrain. It lies totally within the Nangaritza Protected Forest and is under the control of the local indigenous peoples. Odin covered the whole area with a reconnaissance stream sediment sampling programme in the early-1990s but did not find any significant anomalies. However, Odin only allowed its various licence applications over the area to lapse in the second quarter of 2006.

3. Cangrejos Project Area

This property lays in the western foothills of the Andes of south-west Ecuador 40 km south-east of Machala, the capital of El Oro Province, and 200 km south of Guayaquil, Ecuador's largest city and most important economic centre.

On June 30, 2004 the Company filed a NI 43-101 report with respect to the original 4,756 ha property. This report was prepared by an independent geological consultant, Mr Michael Potter, MSc, MBA, MIMMM, MAusIMM, a "qualified person" for the purposes of NI 43-101. The summary of the report is produced below.

"The 4756 ha Cangrejos property of Odin Mining in south-western Ecuador is considered to be highly prospective for porphyry-type Au-Cu mineralization related to Miocene age intrusives.

From 1994 to 2001 the property was part of a larger exploration project, the El Joven Joint Venture, formed between the Company (40%) and Newmont Overseas Exploration Limited (60%). The objective of the joint venture was to locate the hard-rock source of the alluvial gold produced by the Company from the Biron mine (69 000 oz Au recovered). Newmont, who had acted as operator, withdrew from the joint venture in 2001 and transferred the concessions described here to the Company.

The Cangrejos prospect covers parts of a large Au-Cu porphyry system located by the El Joven Joint Venture. Newmont tested the mineralization on the Company's ground with thirteen diamond drill holes. Seven of these holes returned intersections greater than 70 m at a 0.5 g/t Au cut-off. The best hole gave 192 m at 1.6 g/t Au (plus 0.2% Cu).

The gold and copper mineralization is associated with 1-2 % sulphides (usually chalcopyrite), pervasive hydrothermal alteration (most notably silica flooding), brecciation and minor multi-directional quartz veinlets in an area of structural intersections and intrusive andesites within a Miocene quartz-diorite.

The mineralization within the drilled area when combined with what may be found under other anomalies on the property, especially that at Dos Bocas, may be sufficient to support a large-scale (5-15Mt/y), multi-pit, open-cut mining and milling operation.

A programme of check soil sampling and geological mapping followed by 20 scout diamond drill holes totalling 5000 metres is proposed to test the potential of the geochemical anomalies away from the area already drilled. One rig would be expected to complete the drilling in about 5 months. However, the total work programme could take 10 months and cost about CND\$ 2.0 million (US\$ 1.6 million).

The Company still continues to pursue actively a successful outcome to the long term negotiations with a number of adjacent mineral rights holders to enlarge the area under the Company's control prior to committing significant funds to a major exploration programme on the property. To this end various meetings were held in Ecuador in June 2006 between certain directors of the Company and the principals of the most important of the adjacent mineral rights holders. A number of informal meetings were also held between representatives of the Company and other concession holders and landowners during the third quarter. No agreements have yet been reached, and there can be no guarantee that a satisfactory outcome will eventually be achieved. Nevertheless, contacts are ongoing with all parties involved.

In spite of the lack of agreement with the adjacent mineral rights holders, the Company carried out low-key exploration work on the property during 2006 in order to provide information that will be of value in the detailed planning of a major exploration programme, if and when the negotiations are brought to a successful conclusion. In anticipation of an eventual successful outcome to these negotiations, the Company has rehabilitated most of the major elements of the base camp that it took over when Newmont left the El Joven joint venture in 2001.

3a. Dos Bocas Target

The Dos Bocas anomaly lies on the northern boundary of Odin's Cangrejos concession area close to the northern contact of the Miocene-age quartz diorite batholith that underlies the bulk of the Cangrejos project area and the enclosing fine-grained metasediments of the El Oro Metamorphic Complex. Based on 200m x 100m centred soil sampling data obtained by Newmont from 1997-1999 while it was operator of the now defunct El Joven joint venture (Odin 40% / Newmont 60%), the +250 ppb gold anomaly seemed take the form of a discontinuous annulus with an outer diameter of 1200 m and an inner diameter of 600 m, but with a strong linear component on the north-west side.

From mid-November 2005 to end-February 2006 the Company carried out a 50 m x 50 m top-of-bedrock soil sampling programme to better define Newmont’s gold soil anomaly at Dos Bocas. Just under 600 sites were sampled over an area 2300 m x 900 m and the minus 80 mesh (sub 180 micron) fraction of each soil sample was sent to ACME Analytical Services Limited in Vancouver for analysis of gold and 35 other elements using the ICP-MS technique after an aqua-regia leach on a 30 gm aliquot. Table 2 below summarizes the results obtained for gold.

ppb Gold	Number	percent
>1000	3	0.5
500-999	8	1.4
250-499	33	5.7
100-249	101	17.3
50-99	93	16.0
<50	345	59.1
<u>Totals</u>	<u>583</u>	<u>100.0</u>

Table 2: Distribution of gold values in top-of-bedrock, soil samples (maximum gold value = 1837 ppb)

The presence of a wedge of clast-rich colluvial and landslide material with blocks up to 10 m across prevented any significant penetration of the auger over much of the area. Consequently, top-of-bedrock soil samples were only collected at 65% of the sites planned. In addition, because of difficulties in differentiating between weathered bedrock and the overlying colluvial, there are doubts at some sample sites, especially in the western half of the sampled area, as to whether the samples were truly taken at the top of bedrock or higher up in the overlying colluvial cover. Moreover, check twinning of auger holes at selected sample sites indicates that the reproducibility of the gold results can be poor. This is probably due to the erratic distribution of particulate gold at the top-of-bedrock horizon and in the overlying colluvial.

In spite of the uncertainties involved, the present work broadly confirmed the presence of anomalous gold values in the same areas as those found by Newmont. However, the results obtained failed to confirm the suggestion made in the NI 43-101 report of 2004 that the Dos Bocas anomaly might reflect the possible presence of an annular, porphyry-style, ore shell related to some late minor intrusive near the northern limit of the Miocene age, quartz diorite batholith that hosts the other Cangrejos targets some 5 km to the south-west. The continuous, 18 ha, western part of the +250 ppb gold anomaly, as interpreted from Newmont data, has broken up with more detailed sampling into a string of anomalies of the order of 0.5-1.5 ha each strung out across the property. The anomalies interpreted as defining the rest of the annular anomaly based on the wide-space Newmont data now appear to be smaller and more sporadic in the light of the new, closer spaced sampling.

As was the case with the Newmont data, there seems to be little support for the anomalous gold values from other elements. Nevertheless some obviously anomalous, individual copper values are present with 0.9 % of the copper values being above 500 ppm (maximum 834 ppm).

Of the 52 rock samples taken, mainly along the north-eastern boundary of the area, most gave gold values less than 0.2 g/t. However, sampling of local quartz –tourmaline mineralisation from two small workings on the boundaries of the property gave values of about 10 g/t.

Additional soil sampling and pitting is planned on selected anomalies to check if the bulk of the gold giving rise to the anomalies is sourced from the transported surficial cover or from the immediately underlying bedrock. However, this work is currently given a relatively low priority.

3b. Trinchera/Paloma Target

In July and August 2006 Odin personnel cut a 50 m x 50 m grid over an area of about 600 m x 500 m in mountainous, rough pastureland to heavily forested terrain in the Trinchera/Paloma area of the Cangrejos property. One hundred and thirty sites were sampled by hand auger and fourteen by pitting. The objective of the work was to provide additional information on the surface expression of the Trinchera and Paloma mineralised zones as identified from diamond drilling carried out by Newmont in 1999-2000 with a view of improving the targeting of any future holes drilled on the property. The minus 80 mesh (sub 180 micron) fraction of each soil sample was sent to ACME Analytical Services Limited in Vancouver for analysis of gold, copper and 34 other elements using the ICP-MS technique after an aqua-regia leach on a 30 gm aliquot. Table 3 below presents a summary of the results for gold and Table 4 presents a summary of the results for copper.

Ppb Gold	number	percent
>1000	6	4.6
500-999	10	7.7
250-499	19	14.6
100-249	26	20.0
50-100	39	30.0
<50	30	23.1
<u>Totals</u>	<u>130</u>	<u>100.0</u>

Table 3: Trinchera/Paloma - distribution of gold values in top-of-bedrock soil samples (maximum gold value = 2569 ppb)

Ppm Copper	Number	Percent
>1000	17	13.1
500-999	33	25.4
250-499	31	23.8
125-249	27	20.8
<125	22	16.9
<u>Totals</u>	<u>130</u>	<u>100.0</u>

Table 4: Trinchera/Paloma - distribution of copper values in top-of-bedrock soil samples (maximum copper value = 2725 ppm)

The same difficulties were encountered at some sites here as at Dos Bocas with respect to the differentiation of weathered bedrock from overlying colluvial and the relatively poor reproducibility of gold results. However, there are no zones of impenetrable boulder cover, and the percentage of planned sites sampled (95%) was very much higher than at Dos Bocas (65%).

The present work broadly confirmed the presence of anomalous gold and copper values (Tables 3 and 4) in the same areas as those found by Newmont and subsequently drilled.

Of the 7 rock samples taken, two samples of narrow quartz–tourmaline veinlets from small workings on the property gave values over 10 g/t. However, this style of mineralisation is expected to be of very minor significance compared to the disseminated, bulk-mineable, porphyry mineralisation being targeted.

No major additional work is planned in the Trinchera/Paloma area until successful agreements are achieved with the relevant landowners and the holders of adjacent mineral rights.

General Performance

As at December 31, 2006, the Company had total assets of \$2,999,794, which was an increase of \$2,079,961 from 2005. The net asset position was \$2,855,648 which was \$2,027,384 more than 2005's.

The increase in net assets was comprised of:

Increase in cash position	\$ 1,769,518
Additional mineral properties capitalized	290,744
Decrease in other assets	<u>(32,908)</u>
Net increase	<u>2,027,384</u>

The increase in cash position is primarily attributable to the new issue of units for \$2,454,659 in September 2006.

Results of Operations

The Company has not generated any operating revenues for the past 5 years. For the year ended December 31, 2006, the Company continued to post losses as follows:

	2006	2005	(Inc.)/Dec.
Non-cash stock based compensation	\$ 87,831	\$ 106,952	\$ 19,121
Non-cash minority interest write-off	0	8,702	8,702
Cash operating expenses	<u>362,245</u>	<u>210,402</u>	<u>(151,843)</u>
Net loss	<u>450,076</u>	<u>326,056</u>	<u>(124,020)</u>
Loss per share	<u>.01</u>	<u>.01</u>	

The majority of the increase in operating expenses is attributable to a foreign exchange adjustment loss of \$104,956 (\$3,560 gain recorded for 2005). The exchange adjustment loss reflects the conversion of the Canadian funds on deposit on balance sheet date to their US dollar equivalent.

The Company has recorded a non-cash stock option compensation expense of \$ 87,831 (\$106,952 for 2005) from the granting of last two options exercisable on February 24 and May 24 2006.

Selected Annual Information

Years	2006	2005	2004	2003
Total revenues	\$nil	\$nil	\$nil	\$nil
Net (loss)	(\$450,076)	(\$326,056)	(\$396,100)	(\$341,899)
Net (loss) per share (Basic and fully diluted) ⁽¹⁾	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Total Assets	\$2,999,794	\$919,833	\$1,129,254	\$1,319,299

⁽¹⁾ The basic and fully diluted calculations result in the same values due to the anti-dilutive effect of outstanding stock options and warrants.

Summary of Quarterly Results (unaudited)

Three months ended	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	March 31, 2005
Total revenues	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Net income/ (loss)	(\$204,384)	(\$51,389)	(\$109,281)	(\$85,022)	(\$122,626)	(\$85,089)	(\$76,058)	(\$42,283)
Net (loss) per share (Basic and fully diluted)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

The quarterly and annual financial information disclosed above have been prepared in accordance with Canadian GAAP. The significant accounting policies are outlined within Note 2 to the audited consolidated financial statements of the Company for the year ended December 31, 2006. These accounting policies have been applied consistently for the year ended December 31, 2006.

In January 2005, the CICA issued Handbook Section 3855, “Financial Instruments – Recognition and Measurement”. It prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. It also specifies how financial instrument gains and losses are to be presented. It applies to interim and annual financial statements for fiscal periods beginning on or after October 1, 2006 and was adopted by the Company on January 1, 2007. Transitional provisions vary based on the type of financial instruments under consideration. The effect on the Company’s consolidated financial statements is not expected to be material.

CICA Handbook Section 1530, “Comprehensive Income”, was issued in January 2005 to introduce new standards for reporting and presenting comprehensive income. Comprehensive income is the change in equity (net assets) of a company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except for changes resulting from investments by owners and distributions to owners. It applies to interim and annual financial statements for fiscal periods beginning on or after October 1, 2006 and was adopted by the Company on January 1, 2007. Financial Statements for prior periods will be required to be restated for certain comprehensive income items. The effect on the Company’s consolidated financial statements is not expected to be material.

Financing Activities

During the year ended December 31, 2006, the Company raised \$2,454,659 from the issue of new capital stock.

Investing activities

The company has capitalized mineral expenses of \$274,350 (\$147,960 in 2005) as follows:

ITEM	Project CANGREJOS		Project PLATEADO		TOTAL
	Office	Field	Office	Field	
Expenditures capitalized 12/31/2005	\$ 169,301	\$ 51,647	\$ 134,590	\$ 106,771	\$ 462,309
Add: Expenditures capitalized in 2006					
Mineral Rights		12,795		46,435	59,230
Legal Fees - Quito	14,576				14,576
General Expenses - Quito	18,294	43,382	8,077	6,162	75,915
Geological Consulting		27,138		9,189	36,327
Geological Staff - Ecuador	9,454	62,008		15,482	86,944
Assay		14,492		3,260	17,752
2006's Expenditures	42,324	159,815	8,077	80,528	290,744
Total expenditures capitalized	211,625	211,462	142,667	187,299	753,053

ITEM	Project CANGREJOS		Project PLATEADO		TOTAL
	Office	Field	Office	Field	
Expenditures capitalized 12/31/2004	\$ 103,857	\$ 12,035	\$ 95,371	\$ 103,086	\$ 314,349
Add: Expenditures capitalized in 2005					
Mineral Rights	12,904		39,174		52,078
Legal Fees - Quito	22,243				22,243
General Expenses - Quito	30,297	4,866	45		35,208
Geological Consulting		22,410		1,727	24,138
Geological Staff - Ecuador		11,921		1,958	13,878
Assay		415			415
2005's Expenditures	65,444	39,612	39,219	3,685	147,960
Total expenditures capitalized	169,301	51,647	134,590	106,771	462,309

a) Cangrejos Project

The Company had 11 separate mineral titles as at December 31, 2006 covering 7,799 has located near Machala South West Ecuador. The annual fees payable related to these concessions in 2006 were approx. US\$12,500 (in 2005, approx. US\$12,500; cf in 2007, approx. US\$16,500).

b) Plateado Project

The Company had 13 separate mineral titles as at December 31, 2006 in the two areas referred to as Plateado South and Plateado North respectively, both in Eastern Ecuador.

There are no major cities nearby.

The total area covered is 26,725 has.

The annual fees payable related to these concessions in 2006 were approx. US\$46,500 (in 2005, approx. US\$38,000; cf in 2007, approx. US\$46,500).

Liquidity

The Company had a history of profitable operations until 1998, but since then none, and currently its retained mineral projects are at their early stage. Therefore, the Company is subject to many risks common to comparable exploration companies, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues.

The consolidated financial statements for the year ended December 31, 2006 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating costs in the last fiscal year and has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to further explore its mineral property projects and to cover the overhead costs necessary to maintain a public company.

Contractual Obligations

The Company's business is subject to various option and/or lease agreements in connection with the acquisition and exploration of mineral interests. These agreements generally require the Company to make periodic payments over a varying number of years to maintain its interests. The Company can cancel these agreements at any time without completing the remaining payments and without penalty.

The Company's interests in its Cangrejos concessions in Ecuador are held subject to annual concession payments aggregating approximately US\$25,000 for each year 2007 through 2009, US\$50,000 for each year 2010 through 2012, US\$100,000 for each year from 2013 to 2015 and US\$125,000 for each year thereafter. The company's interests in its El Plateado concessions are held subject to annual concession payments aggregating approximately US\$54,000 in 2007, US\$94,000 in each of 2008 and 2009, US\$107,000 in 2010, US\$187, 000 in each of 2011 and 2012, US\$215,000 in 2013, US\$374,000 in 2014 and 2016 and US\$430,000 for each year thereafter. These figures will vary from time to time as the size and number of concessions changes.

Transactions with Related Parties

The Company paid \$40,781 to management, officers, directors and a company controlled by an officer of the Company in the year ended December 31, 2006. This amount represents management fees.

The Company paid \$1,593 storage fee to Zen Capital & Mergers Ltd, which is a private company controlled by a director of the company. This amount is included in occupancy cost.

The Company receives a contribution towards its lease commitments equivalent to 20% of all lease costs and telephone charges from related parties, as well as direct costs. These amounts received have amounted to \$5,460 recovered during 2006.

Transactions with related parties are described in note 7 to the consolidated financial statements for the year ended December 31, 2006.

Financial Instruments

The Company's financial instruments consist of highly liquid investments held in the form of high quality commercial papers, the investment terms of which are less than three months.

The Company is exposed to currency exchange rate risks to the extent of its foreign activities in Ecuador. The Company does not hedge its exposure to fluctuations in the related exchange rates.

Outstanding Share Data

Authorized Capital:

200,000,000 Common shares, no par value

Issued and outstanding:

47,814,791 common shares as at December 31, 2006 for a net consideration of \$10,901,768.

On December 31, 2006, the Company has the following unexpired and unexercised stock options exercisable at 25 cents each. The remaining life of the option is 3 years and 8 months:

<u>Exercisable on</u>	<u>No. of Options</u>
August 24, 2005	630,000
November 24, 2005	630,000
February 24, 2006	630,000
May 24, 2006	630,000
Total	<u>2,520,000</u>

Internal Controls over Financial Reporting

Management has designed, established and is maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with Canadian generally accepted accounting principles.

Disclosure Controls

Management is responsible for the design, establishment and maintenance of disclosure controls and procedures. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes its disclosure controls and procedure are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Other Information

Additional information related to the Company, including the Company's Annual Information Form, is available for viewing on SEDAR at www.sedar.com and on the Company's website of www.odinmining.com

Auditors' Report

To the Shareholders of
Odin Mining and Exploration Ltd.

We have audited the consolidated balance sheets of Odin Mining and Exploration Ltd. as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
April 24, 2007

ODIN MINING AND EXPLORATION LTD.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31
(Expressed in U.S. dollars)

	2006	2005
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	2,176,243	406,725
Other receivables	31,139	19,457
Prepaid & deposits	13,633	8,824
	2,221,015	435,006
EQUIPMENT (Note 3)	25,726	22,518
MINERAL PROPERTIES (Note 4)	753,053	462,309
	2,999,794	919,833
LIABILITIES		
CURRENT		
Trade payables and accrued liabilities	144,146	91,569
	144,146	91,569
SHAREHOLDERS' EQUITY		
Capital Stock (Note 5)	10,401,513	8,512,139
Contributed Surplus (Note 5b)	15,620,136	15,032,050
Deficit	(23,166,001)	(22,715,925)
	2,855,648	828,264
	2,999,794	919,833

Commitments (Note 10)

Approved by the Board of Directors

(signed) Stephen W.C. Stow Director
Stephen W.C. Stow

(signed) Levi Giesbrecht Director
Levi Giesbrecht

THE ATTACHED NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ODIN MINING AND EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31
(Expressed in U.S. dollars)

	2006	2005
	\$	\$
OPERATING EXPENSES		
Amortization	4,059	3,228
Bad debts	-	28,095
Consulting fees	22,917	20,000
Directors fees	69,953	41,305
Foreign exchange loss (gain)	104,956	(3,560)
General and administration	24,338	19,545
Geological expenses	1,119	9,089
Insurance	15,650	11,607
Investor relations	1,027	1,135
Management fees	40,781	24,851
Occupancy costs	20,134	18,474
Professional fees	28,732	28,625
Stock based compensation	87,831	106,952
Travel	20,196	5,107
Wages & benefits	40,996	33,395
TOTAL Operating expenses	482,689	347,848
OPERATING LOSS	(482,689)	(347,848)
Minority interest	-	8,702
Interest income	32,613	13,090
LOSS FOR THE YEAR	(450,076)	(326,056)
DEFICIT - BEGINNING OF YEAR	(22,715,925)	(22,389,869)
DEFICIT - END OF YEAR	(23,166,001)	(22,715,925)
Basic and diluted loss per share (Note 2)	(0.01)	(0.01)
Weighted average number of shares outstanding	38,619,462	34,833,149

THE ATTACHED NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ODIN MINING AND EXPLORATION LTD.
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in U.S. dollars)

	2006	2005
	\$	\$
OPERATING ACTIVITIES:		
Loss for the year	(450,076)	(326,056)
Less: Items not affecting funds		
Minority interest write off		(8,702)
Stock-based compensation	87,831	106,952
Amortization	4,059	3,228
	(358,186)	(224,578)
 CASH PROVIDED/(USED IN) WORKING CAPITAL		
Other receivables	(11,680)	979
Prepaid & deposits	(4,809)	11,550
Trade payables and accrued liabilities	52,577	18,385
	(322,098)	(193,664)
 FINANCING ACTIVITIES:		
Issuance of units	2,454,659	-
Share issue costs	(65,030)	-
	2,389,629	-
 INVESTING ACTIVITIES:		
Equipment	(7,269)	(1,790)
Mineral properties	(290,744)	(147,960)
	(298,013)	(149,750)
 NET CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, beginning of year	1,769,518	(343,414)
	406,725	750,139
Cash and cash equivalents, end of period	2,176,243	406,725
 NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Fair value of warrants associated with units	500,255	-
	500,255	-

THE ATTACHED NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ODIN MINING AND EXPLORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Expressed in U.S. dollars)

1. OPERATIONS

Odin Mining and Exploration Ltd. (the "Company") was incorporated under the Company Act of British Columbia on March 22, 1988.

The Company is focused on the business of exploration and development of mineral properties in South America, currently only in Ecuador, where it holds mineral rights in two projects; Cangrejos and El Plateado which also encompasses Las Orquedeas and Los Planes. The rights, which have a 30 year life, have been held since 1996 and are renewable annually on March 31.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of Odin and all its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated on consolidation.

Foreign currency translation

All accounts are reported in United States dollars, the functional currency of the Company. The assets and liabilities of companies not reporting in U.S. dollars are translated using the temporal method as follows:

- a) monetary items are translated at the exchange rate prevailing at each balance sheet date;
- b) non-monetary items are translated at historical exchange rates; and
- c) revenue and expense items are translated at the actual rate of exchange for the year, except for amortization, which is translated at historical rates.

Any exchange gains or losses are charged to the consolidated statements of operations and deficit during the year.

Mineral properties and deferred exploration costs

Mineral properties include acquisition costs and option payments for mineral concessions. Mineral properties and deferred exploration costs are recorded at cost and deferred until production commences or the property is sold or abandoned or conditions for impairment are identified.

ODIN MINING AND EXPLORATION LTD.
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A property is abandoned when all claims related to the property have expired or management has determined that the property is not economically viable. When a property is abandoned or sold, all deferred costs related to the property are charged to the consolidated statements of operations and deficit during the year. Management reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally the discounted value of future cash flows.

The Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties; however, these procedures do not guarantee the company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Asset retirement obligation

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-term assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred and a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not have any significant asset retirement obligations.

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year of 38,619,462 (2005 34,833,149). The Company follows the treasury stock method in the calculation of diluted earnings (loss) per share. The effects of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted losses per share are the same.

Financial instruments

The Company does not use any derivative financial instruments. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, others receivables, and accounts payable and accrued liabilities are reasonable estimates of fair values at the balance sheet dates due to their short term nature.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Use of estimates

The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates of the Company include the potential impairment of mineral properties and the calculation of the fair value of the stock options and warrants. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits maturing within 90 days of the original date of acquisition.

Equipment

Equipment is recorded at cost and amortized using the declining balance basis over its estimated useful life, with rates ranging from 20 to 30%.

Stock-based compensation and warrants

The Company has no formal stock-based compensation plan. Options are granted periodically by the directors. The Company uses the fair value method to record awards granted, modified or settled. Under this method, compensation expense for stock options granted is measured at fair value at the grant date, using the Black-Scholes valuation model. The stock-based compensation expense is recognized over the vesting periods of the respective options (see note 5c).

The Company issued warrants with certain equity transactions. The fair value of the warrants, as determined using the Black-Scholes valuation model, is credited to Contributed Surplus. The recorded value of warrants is transferred to Capital Stock upon exercise.

Income tax

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are recognized in the period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the potential benefit of income tax losses carried forward to future years.

Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactive date. A valuation

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allowance is recognized to the extent it is considered not likely that future income tax assets will be realized.

3. EQUIPMENT

The company has computer and equipment with a cost of \$39,703 (2005 \$32,434), accumulated amortization of \$13,977 (2005 \$9,916) and a net book value of \$25,726 (2005 \$22,518).

4. MINERAL PROPERTIES

ITEM	Project CANGREJOS		Project PLATEADO		TOTAL
	Office	Field	Office	Field	
Expenditures capitalized 12/31/2005	\$ 169,301	\$ 51,647	\$ 134,590	\$ 106,771	\$ 462,309
Add: Expenditures capitalized in 2006					
Mineral Rights		12,795		46,435	59,230
Legal Fees - Quito	14,576				14,576
General Expenses - Quito	18,294	43,382	8,077	6,162	75,915
Geological Consulting		27,138		9,189	36,327
Geological Staff - Ecuador	9,454	62,008		15,482	86,944
Assay		14,492		3,260	17,752
2006's Expenditures	42,324	159,815	8,077	80,528	290,744
Total expenditures capitalized	211,625	211,462	142,667	187,299	753,053

ITEM	Project CANGREJOS		Project PLATEADO		TOTAL
	Office	Field	Office	Field	
Expenditures capitalized 12/31/2004	\$ 103,857	\$ 12,035	\$ 95,371	\$ 103,086	\$ 314,349
Add: Expenditures capitalized in 2005					
Mineral Rights	12,904		39,174		52,078
Legal Fees - Quito	22,243				22,243
General Expenses - Quito	30,297	4,866	45		35,208
Geological Consulting		22,410		1,727	24,138
Geological Staff - Ecuador		11,921		1,958	13,878
Assay		415			415
2005's Expenditures	65,444	39,612	39,219	3,685	147,960
Total expenditures capitalized	169,301	51,647	134,590	106,771	462,309

a) Cangrejos Project

The Company had 11 separate mineral titles as at December 31, 2006 covering 7,799 has located near Machala South West Ecuador. The annual fees payable related to these concessions in 2006 were approx. US\$12,500 (in 2005, approx. US\$12,500; cf in 2007, approx. US\$16,500).

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b) Plateado Project

The Company had 13 separate mineral titles as at December 31, 2006 in the two areas referred to as Plateado South and Plateado North respectively, both in Eastern Ecuador.

There are no major cities nearby.

The total area covered is 26,725 has.

The annual fees payable related to these concessions in 2006 were approx. US\$46,500 (in 2005, approx. US\$38,000; cf in 2007, approx. US\$46,500).

5. CAPITAL STOCK

a) Common shares

Authorized

The Company's authorized capital consisted of 200,000,000 (2005 – 200,000,000) common shares without par value

	Number of Shares	Amount \$
Balance – December 31, 2005 and 2004	34,833,149	8,512,139
Private placement of units	12,981,642	1,954,404
Share issue costs	-	(65,030)
Balance – December 31, 2006	<u>47,814,791</u>	<u>10,401,513</u>

On September 15, 2006, the Company issued 12,981,642 units at \$0.189 (C\$0.21) each for \$2,454,660 from non-brokered private placements. The costs related to this issue, in the aggregate of \$65,030, have been netted against the new capital raised. Each unit consisted of one common share and one-half of a share purchase warrant to purchase one common share in the Company at a price of C\$0.42 per share within one year from the issue date.

b) Contributed surplus

	2006	2005
Balance, beginning of year	\$ 15,032,050	\$ 14,925,098
Incremental cost of cancelled options		20,042
Stock based compensation for the year	87,831	86,910
Fair value of share purchase warrants	500,255	.
Balance, end of year	<u>\$ 15,620,136</u>	<u>\$ 15,032,050</u>

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c) Share options plan

The Company has the following stock options exercisable at C\$0.25 each on the following dates. The options expire on August 24, 2010. The remaining life of the option is 3 years and 8 months:

Exercisable on	No. of Options
August 24, 2005	630,000
November 24, 2005	630,000
February 24, 2006	630,000
May 24, 2006	<u>630,000</u>
Options outstanding and exercisable on December 31, 2006	<u>2,520,000</u>

No options were granted in 2006. There were no exercised, expired or forfeited options during 2006.

The Company recognized stock-based compensation expense of \$87,831 during 2006 (2005 - \$106,952).

The fair value of the stock-based compensation expense recognized in 2006, by using the Black Scholes option pricing model, used the following weighted average assumptions:

Risk free interest rates	4.25%
Expected life	4 years
Expected volatility in the market price of the shares	100%
Expected dividend yield	0%
Weighted average exercise price	C\$ 0.25
Fair value of options	C\$ 0.10

d) Warrants

As of December 31, 2006, the Company has 6,490,821 warrants outstanding entitling the holders to purchase 6,490,821 common shares at C\$0.42 per share. The warrants expire on September 15th 2007.

The share purchase warrants were valued using a Black-Scholes pricing model using the following weighted average assumptions:

Risk free interest rates	4.25%
Expected life	1 year
Expected volatility	147%
Expected dividend yield	0%

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6. NET LOSS PER SHARE

The net loss per share was calculated based on the weighted average number of shares outstanding for the nine months to December 31, 2006. The basic and diluted loss per share are the same for the nine months period since the existence of stock options and warrants would further increase the net loss per share on a fully diluted basis.

7. RELATED PARTY TRANSACTIONS

The Company has recorded the following related party transactions during the year:

	2006	2005
Consulting fee paid to a non-resident director in charge of the Ecuador operation	\$ 22,917	\$ 20,000
Fees paid to Zen Capital:		
Documentation storage	1,593	1,491
Management fee	40,781	24,851
Charges recovered from Zen Capital		
Office rent & telephone	(5,460)	(5,073)

Zen Capital is a company controlled by a director of the Company

8. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rates to the effective tax rates are as follows:

	2006	2005
Statutory tax rates	34.12%	34.86%
Provision for income tax based on combined Canadian Federal and provincial statutory income tax rates	\$ (153,566)	\$ (113,663)
Permanent difference due to stock-based compensation	29,968	37,283
Permanent difference due to write off of minority interest	3,034	3,034
Difference in foreign tax rates	40,111	46,128
Loss for which an income tax benefit has not been recognized	80,453	27,218
	<u>0</u>	<u>0</u>

ODIN MINING AND EXPLORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The significant components of the Company's future tax assets are as follows:

	2006	2005
Tax value of property and equipment and mineral properties in excess of book value	\$ 1,112,388	\$ 1,192,960
Canadian operating loss carry-forward	355,214	359,394
Canadian capital loss carry-forward	1,497,921	1,492,247
	<u>2,965,523</u>	<u>3,044,601</u>
Less valuation allowance	(2,965,523)	(3,044,601)
Future income tax asset net of valuation allowance	<u><u>0</u></u>	<u><u>0</u></u>

The company has non capital loss carry forward of US\$1,015,450 that may be available for tax purposes. The losses expire as follows:

2007	\$ 105,936
2008	82,580
2009	87,973
2010	129,431
2011	134,883
2012	187,372
2026	294,275
	<u><u>1,022,450</u></u>

9. SEGMENT INFORMATION

The company has one operating segment, exploration and development of mineral properties. All mineral properties of the company are located in Ecuador.

10. COMMITMENTS

The Company has a lease agreement for its office premises at an annual cost of \$37,100. The lease expires on April 30, 2008.