Management's Discussion and Analysis

(Formerly Gold Hawk Resources Inc.)

September 30, 2012

Contents

The following management's discussion and analysis of financial conditions and results of operations (the "MD&A"), has been prepared by management and provides a review of the activities, results of operations and financial condition of Oracle Mining Corp. (the "Company", "Oracle Mining", "we" or "us"). This discussion dated November 13, 2012 complements and supplements the Company's unaudited condensed consolidated interim financial statements and associated notes for the three and nine months ended September 30, 2012 and 2011, and should be read in conjunction with the consolidated audited annual financial statements for the year ended December 31, 2011, the notes thereto and the related MD&A. Please also refer to the cautionary statement of forward-looking information below.

All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") and reported in United States dollars unless otherwise noted. Additional information about the Company, including the Company's annual information form dated April 14, 2012, is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.oracleminingcorp.com.

Forward Looking Information

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this document and Oracle Mining does not intend, and does not assume any obligation, to update these forward-looking statements. Forward-looking statements relate to future events or future performance and reflect management of the Company's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Forward looking statements in this document include, but are not limited to, statements with respect to: the Offering; the completion of the Offering (including the date thereof) and the Equity Investment by MF2; the expected gross proceeds from the Offering and the intended use of proceeds from the Offering and the Equity Investment; the Project Development Studies; the timing or completion of any work on the Oracle Ridge project; the issuance of the amended APP; the entering into of a loan agreement with Credit Suisse AG on the terms contemplated or at all; the completion of the 3% net smelter returns royalty with MF2; and the entering into of an offtake agreement and a credit facility with MF2 on the terms contemplated or at all. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: the Company receiving the required approvals for the Offering or the transactions contemplated with MF2; risks related to the completion of the Offering or the transactions contemplated with MF2 in the expected time frame or at all; risks related to changes in the market; risks related to the agents for the Offering exercising their termination rights under the agency agreement; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's annual information form for the year ended December 31, 2011 filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

1. COMPANY OVERVIEW

Oracle Mining is an exploration and development stage company existing under the Canada Business Corporations Act (the "CBCA"), a reporting issuer under the jurisdictions of British Columbia, Alberta, Ontario and Quebec, and it is listed on the Toronto Stock Exchange under the trading symbol OMN. The Company is involved in the acquisition, exploration and development of mineral resource projects.

In the third quarter of 2010, the Company acquired the Oracle Ridge copper mine project ("Oracle Ridge project") located in Arizona, USA. The Company has made important progress in the Oracle Ridge project's development process, including progress on the validation drilling program, obtaining some of the necessary regulatory permits, and advances in certain geological, mining and engineering studies ("Project Development Studies").

The Company also owns a 640 hectare mining concession at the Barry-Souart property northeast of Val d'Or in the Province of Quebec.

2. ORACLE RIDGE PROJECT ACTIVITIES

The 100% owned Oracle Ridge project is located in the Santa Catalina Mountains northeast of Tucson, Arizona, and is the site of the previously operated Oracle Ridge Copper Mine. The necessary mineral rights have been secured by way of a purchase agreement and the requisite surface rights by the lease of 903 acres of land. In addition, the Company has acquired 353 acres of existing tailings and adjacent property that it may use as a future tailings facility.

Resource Validation Program – Surface and Underground Drilling

As at September 30, 2012, the Company drilled a total of 43,632 feet through 61 diamond drill holes. Underground drilling at the Oracle Ridge project was initiated in June 2012 and continued in the third quarter. The Company is continuing to work on a program at Oracle Ridge designed to validate the Company's existing historical technical database. Concurrently, the Company continues to work towards obtaining the necessary permits with respect to the Oracle Ridge project. If a current mineral resource is established, the Company intends to finalize a technical report on mineral resources in accordance with the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

Towards the end of the third quarter, the Company contracted a third party company to perform rehabilitation of underground workings in various areas of the mine. The rehabilitation is being completed to support the underground drilling program to help ensure safe access to drill locations primarily on the 6400 Level. Rehabilitation of the access ramp connecting the 5900 Level and the 6400 Level is also planned for the fourth quarter of 2012.

The Oracle Ridge project hosts at least twelve known zones containing multiple beds of primary copper skarn mineralization. During previous operations, gold and silver were produced at the mine as by-products. Given current precious metal prices, the Company believes that a silver/gold credit could enhance project economics. The Company has undertaken detailed metallurgy studies as part of the Project Development Studies.

Drill Program Results

The Company currently has two surface core rigs and one underground core rig and as of September 30, 2012 had completed drilling on 61 holes and received assay results for 42 holes. Each core hole has intersected skarn mineralization. This program has focused in the N-NW area where the drilling program defined the extension of different skarn zones to W-NW, and the results to date have been consistent with the grade values that are in the historical assay database.

The Company maintains a rigorous QA/QC protocol on all aspects of sampling and analytical procedure. Drill core is checked, logged, marked for sampling and sawn in half. One-half of each drill core is maintained for future reference and one-half of each drill core is sent for analysis. Half-core samples are shipped to Skyline Assayer and Laboratories ("Skyline"), an accredited laboratory in Tucson, Arizona, or SGS Minerals Services Geochemistry Vancouver (“SGS”), both ISO/IEC 17025 accredited laboratories. Each lab is contracted to complete all sample preparation and assaying. Samples are analyzed employing the appropriate methodology for analyses of copper, as well as fire assaying for silver and gold. For QA/QC purposes, Skyline and SGS run a series of standard and blank samples and provide the results of these assays to us. The Company periodically submits the pulps of the samples assayed by our primary labs to ALS Chemex Labs Ltd. in Reno, Nevada for check analysis.

Metallurgical Testing

As part of the Project Development Studies, additional metallurgical testing was conducted in the first quarter of 2012 on seven drill holes completed in the second half of 2011 under our drill program. The testing is meant to be used to finalize the current design parameters established from initial metallurgical testing and provide additional design information. During the third quarter, variability samples collected from the drilling program in 2012 were submitted for metallurgical testing and the Company expects the testing to be completed in the fourth quarter of 2012.

Process Plant and Infrastructure Design

The Process Plant engineering study is ongoing and is expected to be completed once the metallurgical testing is finished and those results are incorporated into the Project Development Studies. KD Engineering ("KD") of Tucson, AZ is working to complete engineering for the processing facility and mine site infrastructure, as well as contribute to the Project Development Studies.

Mine and Surface Activities

Activities at the Oracle Ridge project in the second quarter of 2012 involved continual support for the surface and underground diamond drilling activities. In the third quarter of 2012, the Company continued to prepare containment berms for fuel tank storage and generator laydown areas for underground power supply. Other activities included continued rehabilitation of the existing underground workings to help provide safe access for ventilation and electrical equipment installation and safe drill locations for diamond drilling.

Power

We have engaged Trico Electric Cooperative, in conjunction with the Arizona Public Service, to review the proposed alignment and installation details for the Oracle Ridge project. This review is currently in the preliminary design phase.

Permitting and Regulatory Programs

In July 2012 we received the Pima County Stage II Air Quality Installation and Operating Permit. The amended Aquifer Protection Permit (“APP”) is under technical review and a draft permit is expected to be issued for public comment by or about the end of 2012.

In July 2012, we announced that we had signed a Memorandum of Understanding (the "MOU") with Pima County for the development of the Mine. The County Board of Supervisors unanimously approved a resolution in support of our proposal to re-open the Mine, and also approved and ratified the MOU. Pursuant to the MOU, we intend to exchange approximately 133 acres of private land for certain Pima County land that lies between the Mine site and the tailings facility and that is necessary for the purposes of constructing, operating and maintaining conveyance pipelines, utilities and portions of a road for the Mine. Further, we intend to provide at least an additional 300 acres of land to Pima County as mitigation for potential disturbances related to the operation of the Oracle Ridge project.

The U.S. Forest Service (“USFS”) Section 299 use permit for a portion of the existing Forest Service road was submitted during the second quarter and is presently under review by the USFS.

Qualified Person

The technical information in this MD&A has been prepared in accordance with Canadian regulatory requirements set out in NI 43-101 and reviewed by Kevin Francis, SME RM, Vice President Technical Services for Oracle Mining Corp., a Qualified Person under NI 43-101, who is responsible for the technical information reported herein.

3. REVIEW OF FINANCIAL RESULTS

Summary of Quarterly Results

The following table presents our quarterly results of operations for each of the last eight quarters.

In thousands of US Dollars except for per share amounts	**Sept 30, 2012**	**Jun 30, 2012**	**Mar 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**	**Jun 30, 2011**	**Mar 31, 2011**	**Dec 31, 2010**
Interest income	21	47	39	26	18	26	12	23
Net loss	(5,412)	(4,783)	(4,889)	(5,273)	(3,218)	(3,621)	(3,928)	(1,664)
Basic and diluted loss per share	(0.14)	(0.12)	(0.14)	(0.17)	(0.10)	(0.12)	(0.13)	(0.02)

Three months ended September 30, 2012 and 2011

For the three months ended September 30, 2012, the Company had a net loss of $5.4 million compared to a net loss of $3.2 million for the three months ended September 30, 2011. The increase in net loss compared to the prior period is primarily due to an increase of $1.9 million in exploration and evaluation expenditures related to our Project Development Studies.

The increase in exploration and evaluation expenditures resulted from an increase in design and technical costs of $0.9 million, an increase of $0.3 million in underground exploration and development, an increase of $0.4 million in site and advisory costs, an increase of $0.2 million in drilling costs, and an increase of $0.1 million in permitting costs.

Nine months ended September 30, 2012 and 2011

For the nine months ended September 30, 2012, the Company had a net loss of $15.1 million compared to a net loss of $10.8 million for the comparative period in 2011. The increase in net loss compared to the prior period is primarily due to an increase of $2.8 million in exploration and evaluation expenditures related to our Project Development Studies as well as a $0.9 million increase in general and administrative expenses.

The increase in exploration and evaluation expenditures is due primarily to an increase of $1.2 million in design and technical studies, an increase of $0.3 million in site and safety services, $0.8 million in site and advisory costs and an increase of $0.7 million in underground exploration and development, partially offset by a $0.2 million decrease in drilling costs.

The increase in general and administrative costs is primarily due to an increase of $0.4 million in salaries and benefits, $0.2 million in professional and consulting fees, $0.5 million in investor relation costs, and $0.2 million in travel costs, offset by $0.4 million decrease is share-based payment expense.

As at September 30, 2012, total assets were $26.3 million compared to $30.9 million as at December 31, 2011. The decrease in the Company's asset value is primarily due to expenditures on development activities at the Oracle Ridge project partially offset by the receipt of gross proceeds of $9.8 million from a private placement.

As at September 30, 2012, total liabilities were $5.2 million compared to $4.7 million as at December 31, 2011. They primarily consist of liabilities assumed on the acquisition of the Oracle Ridge project, which includes promissory notes payable of $2.5 million. During the nine months ended September 30, 2012, the Company paid $500,000 in principal owing on one promissory note.

4. OUTLOOK

Corporate milestones the Company is working towards include the completion of the resource validation program by or about the end of 2012, obtaining regulatory permits and approvals necessary to allow for a re-start of the mine and, if a current mineral resource estimate is established, finalizing a technical report on mineral resources in accordance with the requirements of NI 43-101 and completing a mine and processing plant design and project feasibility study ("Feasibility Study") for Oracle Ridge. To the extent possible, we intend to incorporate the Project Development Studies currently underway into the Feasibility Study. If a Feasibility Study is completed and the outcome thereof is positive and approved by the Board of Directors, the Company intends to place deposits for long-lead equipment required for the operation of the mine. There is no assurance that a current mineral resource will be established for Oracle Ridge and, additionally, that the Feasibility Study will be completed or, if completed, that the outcome will be positive.

We have not made any production decision with respect to Oracle Ridge. We intend to base any production decision on establishing a current mineral resource estimate and the results of the planned feasibility study demonstrating economic and technical viability.

The Company received its Class II Air Quality Installation and Operating Permit from Pima County in July 2012 marking an important milestone in advancing the project. The Air Permit is the first new mine Air Quality Operating Permit to be granted in Pima County in more than 11 years, and the only one issued under the current regulatory environment.

The APP was transferred to the Company on July 26, 2011. This permit as transferred required amendment in light of design work being prepared by engineering consultants to the Company. An application to amend the existing APP has been submitted to the Arizona Department of Environmental Quality ("ADEQ") and is currently being reviewed under the expedited review program. The amended APP is under technical review and a draft permit is expected to be issued for public comment by or about the end of 2012. The Company submitted applications for rights-of-way and 404 Wetlands permits, and updated the Storm Water plan during the third quarter of 2012.

During the quarter, SRK Consulting ("SRK"), which is primarily responsible for the Project Development Studies, reviewed the results of the previously announced confirmatory drill program and is working towards validating the existing historic drill hole database comprised of 534 drill holes amounting to 163,000 feet of drilling. KD is working to complete engineering for the processing facility and mine site infrastructure, as well as contribute to the Project Development Studies. The Company engaged Boart Longyear for underground drilling and Titan Drilling and Altar Drilling on surface in support of the Project Development Studies.

To meet the corporate objectives stated above, significant additional funding will be required. Please refer to the Continuing Operations sections below.

5. RISKS AND UNCERTAINTIES

For a comprehensive discussion of risk factors, readers are referred to the Company's 2011 annual information form dated April 13, 2012 and final short form prospectus dated November 9, 2012, both of which are available on SEDAR at www.sedar.com.

Continuing operations

As at September 30, 2012, the Company had cash and cash equivalents of $2.5 million, working capital of $0.7 million, and long-term debt of $1.2 million. Future financial needs and the continuity of the entity as a going concern will be dependent on the Company's ability to raise sufficient capital to fund ongoing operations.

During the nine months ended September 30, 2012, the Company completed a private placement for 7,800,000 common shares at a subscription price of C$1.25 per share, raising gross proceeds of C$9.75 million. The funds were primarily used in connection with exploration and development activities at the Oracle Ridge project, including drilling and permitting activities, and for general corporate purposes.

To achieve the corporate milestones discussed herein, among others, significant additional funding will be required. Management has been actively communicating with various financial institutions and potential investors, including signing a non-binding, indicative term sheet for project financing with Credit Suisse AG ("CS Term Sheet") for a secured term loan of up to $70 million in order to advance the restart of the Oracle Ridge project. Subsequent to the quarter end, the Company filed and received a receipt for a short form prospectus (the "Prospectus") in connection with a best efforts agency marketed offering of units ("Units") of the Company (the "Offering") for up to C$20 million. Each Unit was priced at C$0.85 and consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share for C$1.02 per common share for a period of 24 months from the date of issue.

Additionally, the Company signed a definitive investment agreement with MF2 Investment Company 1 LP ("MF2") subsequent to the quarter end. MF2 has agreed to be the lead order under the Offering to subscribe for such number of Units under the Offering at the Offering price having an aggregate subscription price of up to $10 million (the "Equity Subscription"). The Equity Subscription will be limited such that MF2's ownership interest in our Common Shares on the Closing Date shall not exceed 19.9% of our issued and outstanding Common Shares (assuming the exercise of the Warrants acquired by MF2 Investment pursuant to this Offering). Based on the Offering price, MF2 may subscribe for up to 8,918,195 Units under the Offering (not including any over-allotment units that may be acquired by MF2 pursuant to the sale of any over-allotment Units). Oracle Mining intends to use the proceeds from the Equity Investment in accordance with the use of proceeds set forth in the final short form prospectus of the Company.

In addition, MF2 has agreed to purchase, concurrent with the closing of the Offering, a 3% Net Smelter Returns Royalty from the sale of any metals and minerals derived from the Oracle Ridge mine for $10 million.

The Investment Agreement also provides that MF2 has the exclusive right, for a period of ninety days from the closing date, to negotiate and enter into an offtake agreement and a secured loan facility with the Company. As contemplated, the offtake agreement will provide that MF2 is to purchase 100% of the Oracle Ridge project's future annual copper concentrate production for the life of the mine. The price payable for the material is to be based on prices set by the London Metal Exchange as published by the London Metal Bulletin. It is expected that the secured loan facility will provide for a senior ranking loan facility in the amount of $15 million.

While the Company has successfully filed the Prospectus in connection with the Offering and signed both a definitive investment agreement with MF2 and the CS Term Sheet, there is no assurance it will be successful in closing these transactions and receiving additional funding in whole or in part. Should this be the case, an alternative source of financing will be required in order for the Company to continue as a going concern. If financing efforts are not successful, material adjustments to the results of operations and carrying values of the Company's assets and liabilities will be necessary.

Other risk factors affecting the Company's performance

a) Dependence on the Oracle Ridge Property

We are an exploration and development stage company and as such do not anticipate receiving revenue from our mineral properties for some time, if at all. We are primarily focused on the exploration and development of the Oracle Ridge project.

Oracle Ridge does not have identified mineral resources or mineral reserves, which will be required as a basis for determining if the Mine has bodies of commercial mineralization. The existing information about Oracle Ridge is largely historical and is not NI 43-101 compliant. There may be significant costs, timing issues and complexities associated with upgrading the existing historical data for Oracle Ridge and the results of the upgrading process may not be satisfactory or result in identified mineral resources or mineral reserves. As a result, unless we acquire additional property interests which can generate cash flow, any adverse developments affecting the Oracle Ridge project could have a material adverse effect upon us and would materially and adversely affect our potential mineral production, profitability, financial performance and results of operations.

b) Exploration, Development and Operating Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenditures and time are required to establish mineral reserves (or, if such mineral reserves are established, to add to proven and probable reserves) through drilling and analysis, to develop metallurgical processes to extract metal, and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

The Oracle Ridge project is and will be subject to all of the hazards and risks normally encountered in the exploration, development and, if applicable, production of copper and other base or precious metals, which may include, without limitation: encountering unusual or unexpected geologic formations or other geological or grade problems; unanticipated changes in metallurgical characteristics and metal recovery; periodic interruptions due to inclement or hazardous weather conditions; seismic activity; rock bursts; pit-wall failures; cave-ins; encountering unanticipated ground or water conditions; flooding, fire, and other conditions involved in the drilling and removal of material; environmental hazards; discharge of pollutants or hazardous chemicals; industrial accidents; failure of processing and mining equipment; labour disputes; supply problems and delays; and changes in the regulatory environment, any of which could result in one or more of the following: damage to, or destruction of, mineral properties, mines and other producing facilities; damage to life or property, personal injury or death; loss of key employees; environmental damage; delays in our exploration and development activities; monetary losses; and legal liabilities. Satisfying such liabilities may be very costly and could have a material adverse effect on our future cash flow, results of operations and financial condition.

Any of the following factors, among others, which are beyond our control and cannot be accurately predicted, could affect the profitability or economic feasibility of the Oracle Ridge project: market fluctuations; unanticipated changes in grade and tonnage of ore to be mined and processed; unanticipated adverse geotechnical conditions; incorrect data on which engineering assumptions are made; costs of re-opening and operating a mine; availability and costs of processing and refining facilities; availability of economic sources of power; adequacy of water supply; availability of surface tenure on which to locate processing and refining facilities; adequate access to the site, including competing land uses (such as agriculture and illegal mining); unanticipated transportation costs; accidents; labour actions; force majeure events; and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in us not receiving an adequate return of investment capital.

There is no assurance that our mineral exploration and development activities will result in any discoveries of commercial bodies of ore, or that the historical information related to the Oracle Ridge project will identify mineral resources or mineral reserves compliant with NI 43-101. Our long-term profitability will in part be directly related to the costs and success of our exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish mineral resources and reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

There is no certainty that the expenditures made by us towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

c) Metal Prices

Our revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals such as copper. Metal prices are volatile, have historically fluctuated widely and are affected by numerous factors beyond our control, including: international, economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; global or regional consumptive patterns; speculative activities; and increased worldwide production levels due to new extraction developments and improved extraction and production methods. These factors may affect the price of base and precious metals, and, therefore, the economic viability of any of our current or future exploration projects cannot accurately be predicted. Future significant price declines in the market value of copper could cause continued development of, and eventually commercial production (if any) from, the Oracle Ridge project to be rendered uneconomic. Depending on the price of copper, we could be forced to discontinue exploration or development activities and may lose our interest in, or may be forced to sell, the Oracle Ridge property. There is no assurance that even if commercial quantities of copper and other base and precious metals are produced, a profitable market will exist for them.

d) Capital Cost Estimates

Any capital and operating cost estimates made in respect of our current and future development projects and mines may not prove to be accurate. Capital and operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and a number of other factors. Any of the following events, among others described herein or in the Annual Information Form, could affect the accuracy of such estimates: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules; unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

e) Permits and Licences

Our existing operations require, and future operations may require, permits, among other things, from various governmental authorities and such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that we will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of our properties, and in particular the Oracle Ridge project. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment.

f) Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. There can be no assurance that our past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

g) No Revenue or Commercial Production

As of the date hereof, we have not recorded any revenues, other than interest income and investment income. We have not commenced commercial production on any of our mineral properties, including the Oracle Ridge project. There can be no assurance that significant losses will not occur in the near future or that we will be profitable in the future. Our operating expenses and capital expenditures may increase in the future as consultants, personnel and equipment costs associated with advancing exploration, development and, if applicable, commercial production of our properties increase. We expect to continue to incur losses unless we enter into commercial production and generate sufficient revenues to fund our continuing operations. The development of the Oracle Ridge property will require the commitment of substantial resources. There can be no assurance that we will generate any revenues or achieve profitability.

h) Negative Operating Cash Flow

We have reported negative cash flow from operations for the year ended December 31, 2011 and for the three and nine month period ended September 30, 2012. It is anticipated that we will continue to report negative operating cash flow in future periods. It is expected that a portion of the net proceeds from the Offering will be used for working capital to fund negative operating cash flow.

i) Title to Property

The acquisition of title to mineral properties is a detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although we believe that we have taken reasonable measures to ensure proper title to our interests in our properties, including the Oracle Ridge property, there is no guarantee that title to any such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to operate on such properties as permitted or to enforce our rights with respect to such properties.

j) Acquisition of Additional Mineral Properties

If we lose or abandon our interest in the Oracle Ridge property, there is no assurance that we will be able to acquire another mineral property of merit or that such an acquisition would be approved by the TSX. There is also no guarantee that the TSX will approve the acquisition of any additional properties by us, whether by way of option or otherwise, should we wish to acquire any additional properties.

k) Competition

The mining industry is intensely competitive in all of its phases and we compete with many companies possessing greater financial and technical resources. Competition in the metals mining industry includes competition for: mineral rich properties that can be developed and produced economically; technical expertise to find, develop, and operate such properties; labour to operate the properties; and capital for the purpose of funding such properties. Many competitors not only explore for and mine metals, but conduct refining and marketing operations on a global basis. Such competition may result in us being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund our operations and develop mining properties. Existing or future competition in the mining industry could materially adversely affect our prospects for mineral exploration and success in the future.

l) Uninsured Hazards

In the course of exploration, development and, if applicable, production of our properties, and in particular the Oracle Ridge project, certain risks, and in particular, unexpected or unusual geological operating conditions such as rock bursts, cave-ins, fires, flooding and earthquakes may occur. Such occurrences could result in damage to mineral properties or facilities thereon, personal injury or death, environmental damage to our properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in such amounts as we consider reasonable, our insurance will not cover all of the potential risks associated with our operations. We may also be unable to maintain insurance to cover certain risks at economically feasible premiums. In addition, insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of our securities.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. As a result, we may become subject to liability for pollution or other hazards that we may not be insured against. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

m) Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations. While we believe that the existing infrastructure located at the Oracle Ridge property is good, there is no assurance that it will be sufficient for the purposes of bringing Oracle Ridge back into production.

n) Currency Fluctuations

We maintain accounts in U.S. and Canadian dollars. While our financings have generally been conducted in Canadian dollars, we conduct our business using both currencies depending on the location of the operations in question and the payment obligations involved. Accordingly, the results of our operations are subject to currency exchange risks, particularly to changes in the exchange rate between the U.S. and Canadian dollar. To date, we have not engaged in any formal hedging program to mitigate these risks. The fluctuations in currency exchange rates, particularly between the U.S. and Canadian dollar, may significantly impact our financial position and results of operations in the future.

o) Opposition to Mining

In recent years, governmental and non-governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition of certain mining and business activities. This opposition may take on forms such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or to sell lands on commercially viable terms, lawsuits for damages, issuances of unfavourable laws and regulations, and rulings contrary to an entity's interest. These actions can occur in response to current activities or in respect of mines that are decades old. Opposition to our business activities is beyond our control. Any opposition to our business activities may cause a disruption to such activities and may result in increased costs and could have a material adverse effect on our business and financial condition.

p) Dependence on Key Management Personnel, Employees and Consultants

Our success is and/or will be dependent on a relatively small number of key management personnel, employees and consultants. The loss of the services of one or more of such key management personnel could have a material adverse effect on us. Our ability to manage our exploration and future development activities, and therefore our success, will depend in large part on the efforts of these individuals. Investors must be willing to rely to a significant extent on management's judgment and decisions. We do not have key person insurance on such individuals, which insurance would provide us with insurance proceeds in the event of their death. Without key person insurance, we may not have the financial resources to develop or maintain our business until we replace the individual. We face intense competition for qualified personnel, and there can be no assurance that we will be able to attract and retain such personnel. If we are unable to attract or retain qualified personnel as required, we may not be able to adequately manage and implement our business plan.

6. LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. The Company's future liquidity will depend upon its ability to raise sufficient capital to fund ongoing operations.

The Company's cash and cash equivalents and working capital are as follows:

	As at				
In thousands of US$	**Sept 30, 2012**	**Jun 30, 2012**	**Mar 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**
Cash and cash equivalents	$ 2,539	$ 6,959	$ 12,492	$ 7,942	$ 13,146
Working capital	659	5,738	10,553	6,000	11,876

Cash and cash equivalents as at September 30, 2012 were $2.5 million compared to $7.9 million as at December 31, 2011. Working capital was $0.7 million as at September 30, 2012, compared to working capital of $6.0 million as at December 31, 2011. During the nine months ended September 30, 2012, the Company completed a private placement for 7,800,000 common shares of the Company at a subscription price of C$1.25 per share raising gross proceeds of C$9.75 million. The private placement funds were used primarily in connection with exploration and development activities at the Oracle Ridge project and for general corporate purposes.

In order for the Company to achieve its major objectives, significant additional funding will be required. In addition to the Offering, our management is considering various alternatives for future financing requirements within the context of existing market conditions. These alternatives could include, but are not limited to, the issuance of equity, instruments convertible into equity, various forms of debt, and the granting of additional royalties. In March 2012, we announced the signing of the CS Term Sheet for project financing with Credit Suisse for a loan facility in an aggregate amount of up to $70 million in order to advance the restart of the Mine, and in November 2012, we entered into the Investment Agreement with MF2 which contemplates, among other things, a secured credit facility in the aggregate amount of $15 million for the development, construction and working capital requirements of the mine. There is no assurance that a definitive loan agreement or credit facility will be entered into with Credit Suisse or MF2, respectively, as contemplated, or at all. While we have been successful in raising capital in the past, there is no assurance that we will be able to raise any additional capital in the future on terms acceptable to us, or at all.

Financing activities

During the nine months ended September 30, 2012, the Company completed a private placement for 7,800,000 common shares of the Company at a subscription price of C$1.25 per share raising gross proceeds of C$9.75 million. The Company also paid $0.5 million of principal owing under the promissory notes.

The Company also received gross proceeds of C$0.3 million upon exercise of options and warrants during the year.

Subsequent to the quarter end the Company signed the Investment Agreement with MF2 and filed the Prospectus to raise capital to fund operations. Please refer to section 5 for further details.

Investing activities

During the nine months ended September 30, 2012, the Company invested approximately $0.4 million in plant and equipment compared to $0.8 million in the comparative period in 2011.

The Company did not purchase or sell any marketable securities during the nine months ended September 30, 2012. In the prior comparative period, the Company received net proceeds of $32,000 from the sale of marketable securities.

Contingencies, commitments and liabilities

As at September 30, 2012 the anticipated cash payments required to satisfy the Company's commitments and liabilities are as follows:

In thousands of US$	Total	Less than 1 year	1 - 5 years	After 5 years
Trade and other payables	$ 2,268	$ 2,268	$ -	$ -
Promissory notes payable	2,485	1,319	1,166	-
Reclamation provision	328	-	-	328
Other liabilities	305	-	305	-
Other lease commitments	348	156	77	115
Total	**$ 5,734**	**$ 3,743**	**$ 1,548**	**$ 443**

Promissory Notes Payable

As part of the acquisition of Oracle Ridge, the Company assumed promissory notes payable in U.S. dollars that are secured by the Oracle Ridge project. The schedule of the U.S. dollar principal payment amounts and maturity dates of the notes as at September 30, 2012 are as follows:

Principal (US$)	Maturity date
$806,500	October 21, 2012[1]
1,000,000	October 21, 2013[2]
$1,806,500	

[1] The note bears interest until repaid at 8% per annum and interest is not payable until October 21, 2012 (the "First Note").
[2] The note bears interest at 8% per annum and the interest is payable when the note comes due on October 21, 2013.

The Company intends to use a portion of the expected net proceeds of the Offering to pay the full outstanding balance on the promissory notes payable plus accrued interest. As a result, the First Note was not paid on its maturity date. In accordance with the terms of the First Note, the Company has 30 days from the maturity date to pay the outstanding balance before the noteholder can declare an event of default. The First Note will accrue interest at a rate of 13% from the maturity date until final payment is made.

As part of the share purchase agreement for Oracle Ridge, if the seller of Oracle Ridge thereunder is required to pay U.S. federal capital gains tax at a higher rate than 15%, the Company is required to offset the cost of the additional tax up to the equivalent of a U.S. federal capital tax rate of 25%, or $471,000. U.S. federal capital tax rates have been frozen at 15% through December 31, 2012; therefore no additional amounts will be owed by the seller on the 2012 promissory notes payable. It is uncertain as to whether U.S. federal capital gains taxes will be raised in 2013 and therefore any additional consideration in relation to the 2013 notes is not determinable at this time.

Off-Balance Sheet Arrangements

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

Proposed Transactions

In addition to the financing activities disclosed herein, including the Offering, Investment Agreement and CS Term Sheet, Oracle Mining is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, promissory notes receivable, accounts payable and accrued liabilities, other current liabilities, promissory notes payable and other long-term liabilities. The Company has exposures to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are interest rate risk, foreign currency risk, credit risk and liquidity risk.

In management's opinion, the Company’s exposure to interest rate and credit risk arising from these financial instruments is minimal. The Company is exposed to foreign currency risk through its cash and cash equivalents, other receivables, promissory note receivable, and accounts payable denominated in Canadian dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. At September 30, 2012, with other variables unchanged, a 10% change in the US dollar/Canadian dollar exchange rate would impact pre-tax earnings by $0.5 million and $1.5 million for the three months and nine months ended September 30, 2012.

Transactions with Related Parties

During the three months and nine months ended September 30, 2012, the Company paid $0.1 million (2011 - $0.1 million) and $0.4 million (2011 - $0.3 million), respectively, in advisory fees to directors of the Company. These transactions were incurred in the normal course of business and are measured at the exchange amount which was the consideration established and agreed to by the related parties.

Capitalization

As at November 13, 2012, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	39,234,070
Stock options (average exercise price C$1.39)	3,340,000
Total common shares and potential common shares	42,574,070

7. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods. The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

8. CRITICAL JUDGEMENTS AND ESTIMATES

The consolidated financial statements are prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (see below), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, the determination of functional currency for the Company and its subsidiaries, the determination that the acquisition of the Oracle Ridge project represents an acquisition of an asset rather than a business combination and the assumption that the Company will continue as a going concern.

Certain of our accounting policies are recognized as critical because they require management to make estimates and assumptions about matters that are inherently uncertain. Our critical accounting policies and estimates relate to:

- The recoverability of amounts receivable and prepayments;
- Impairment of non-financial assets;
- The estimated fair value of short-term investments;
- The estimated useful lives of property, plant and equipment and the related depreciation;
- The inputs used in accounting for share-based compensation expense; and
- Accrued and contingent liabilities.

For a summary of significant accounting policies, please refer to Note 2 of the consolidated financial statements.

Management believes it has made estimates that best reflect the facts and circumstances, however, actual results may differ from estimates.