

Condensed Consolidated Interim Financial Statements of



Three and nine months ended September 30, 2015 and 2014
(Unaudited)

Oracle Mining Corp.

September 30, 2015 and 2014

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Notice of no auditor review of interim financial statements

Under National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's external auditors, Deloitte LLP, have not performed a review of these financial statements.

November 30, 2015

Oracle Mining Corp.

Condensed consolidated interim statements of operations and comprehensive loss

(In thousands of US dollars, except share and per share amounts)

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|--------------|---------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Operating costs | | | | |
| General and administration expenses (Note 12) | 70 | 298 | 544 | 1,495 |
| Exploration and evaluation expenditures (Note 13) | 347 | 356 | 2,008 | 2,143 |
| Loss from operations | 417 | 654 | 2,553 | 3,638 |
| Other expenses (income) | | | | |
| Foreign exchange loss | 374 | 21 | 560 | 41 |
| Financing charges | 3 | 3 | 9 | 10 |
| Interest expense | 664 | 612 | 1,963 | 1,724 |
| Loss on sale of equipment | 21 | - | 21 | 3 |
| Unrealized gain on derivative liability (Note 7) | - | - | (152) | (364) |
| Unrealized loss on share purchase warrants (Note 7) | - | - | 61 | - |
| Other | - | - | (20) | (23) |
| Net loss | 1,479 | 1,290 | 4,995 | 5,029 |
| Other comprehensive loss | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations | (490) | (416) | (849) | (326) |
| Total comprehensive loss | 989 | 874 | 4,146 | 4,703 |
| Loss per share | | | | |
| Basic and diluted | 0.03 | 0.03 | 0.10 | 0.10 |
| Weighted average number of shares outstanding | | | | |
| Basic and diluted | 49,649,151 | 49,034,070 | 49,649,151 | 49,034,070 |

Oracle Mining Corp.

Condensed consolidated interim statements of financial position

(In thousands of US dollars)

| | September 30, 2015 | December 31, 2014 |
|--|-----------------------|----------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 371 | 3,229 |
| Prepaid expenses | 42 | 49 |
| Other receivables | 14 | 107 |
| Total current assets | 427 | 3,385 |
| Non-current assets | | |
| Equipment (Note 3) | 242 | 430 |
| Mineral properties (Note 4) | 14,170 | 14,167 |
| Reclamation bond (Note 5) | 831 | 831 |
| Total assets | 15,670 | 18,813 |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 240 | 598 |
| Convertible note payable (Note 6) | 8,783 | 7,311 |
| Derivative liability (Note 7) | 1 | 164 |
| Share purchase warrants (Note 7) | 126 | 64 |
| Total current liabilities | 9,150 | 8,137 |
| Non-current liabilities | | |
| Promissory note payable (Note 6) | 293 | 293 |
| Reclamation provision | 438 | 445 |
| Other long-term liabilities | 305 | 305 |
| Total liabilities | 10,186 | 9,180 |
| Equity | | |
| Issued capital (Note 11(b)) | 87,010 | 87,010 |
| Warrant reserve | 2,432 | 2,432 |
| Share-based payment reserve (Note 11(d)) | 7,349 | 7,352 |
| Debt Reserve (Note 6(a)) | 5,005 | 5,005 |
| Foreign currency translation reserve | 2,267 | 1,418 |
| Deficit | (98,579) | (93,584) |
| Total equity | 5,484 | 9,633 |
| Total liabilities and equity | 15,670 | 18,813 |

Nature of operations and going concern (Note 1)

Contingencies and commitments (Note 14)

Approved and authorized for issue by the Directors on November 30, 2015

(Signed) Christophe Bernard

Christophe Bernard, Director

(Signed) Xuanren (Joe) Wu

Xuanren (Joe) Wu, Director

Oracle Mining Corp.

Condensed consolidated interim statements of changes in equity

(in thousands of US dollars, except share amounts)

| | Issued capital | | Reserves | | | | | Deficit | Total |
|---|----------------|--------|-----------------|-----------------------------|--------------|---------------------------------------|--------------------------------------|----------|----------------|
| | Shares | Amount | Warrant reserve | Share-based payment reserve | Debt Reserve | Option premium on convertible reserve | Foreign currency translation reserve | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At December 31, 2013 | 49,034,070 | 86,597 | 2,432 | 7,211 | - | - | 736 | (86,991) | 9,985 |
| Total comprehensive loss | | | | | | | | | |
| Net loss | - | - | - | - | - | - | - | (5,029) | (5,029) |
| Other comprehensive loss | - | - | - | - | - | - | 326 | - | 326 |
| Total comprehensive loss | - | - | - | - | - | - | 326 | (5,029) | (4,703) |
| Share-based payment expense (Note 11(d)) | - | - | - | 141 | - | - | - | - | 141 |
| Issue of convertible note (Note 6) | - | - | - | - | - | 82 | - | - | 82 |
| At September 30, 2014 | 49,034,070 | 86,597 | 2,432 | 7,352 | - | 82 | 1,062 | (92,020) | 5,505 |
| Total comprehensive loss | | | | | | | | | |
| Net loss | - | - | - | - | - | - | - | (1,564) | (1,564) |
| Other comprehensive gain | - | - | - | - | - | - | 356 | - | 356 |
| Total comprehensive loss | - | - | - | - | - | - | 356 | (1,564) | (1,208) |
| Shares issued on convertible debt | 16,036,035 | 413 | - | - | - | - | - | - | 413 |
| Extinguishment of convertible note (Note 6) | - | - | - | - | - | (82) | - | - | (82) |
| Gain on debt extinguishment | - | - | - | - | 5,005 | - | - | - | 5,005 |
| At December 31, 2014 | 65,070,105 | 87,010 | 2,432 | 7,352 | 5,005 | - | 1,418 | (93,584) | 9,633 |
| Total comprehensive loss | | | | | | | | | |
| Net loss | - | - | - | - | - | - | - | (4,995) | (4,995) |
| Other comprehensive gain | - | - | - | - | - | - | 849 | - | 849 |
| Total comprehensive loss | - | - | - | - | - | - | 849 | (4,995) | (4,146) |
| Share-based payment expense (Note 11(d)) | - | - | - | (3) | - | - | - | - | (3) |
| At September 30, 2015 | 65,070,105 | 87,010 | 2,432 | 7,349 | 5,005 | - | 2,267 | (98,579) | 5,484 |

Oracle Mining Corp.

Condensed consolidated interim statements of cash flows

(in thousands of US dollars)

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|------------|---------------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Operating activities | | | | |
| Net loss | (1,479) | (1,290) | (4,995) | (5,029) |
| Items not affecting cash | | | | |
| Unrealized gain on mark to market on derivative liability (Note 7) | - | - | (152) | (364) |
| Unrealized loss on mark to market share purchase warrant (Note 7) | - | - | 61 | - |
| Share-based (recovery) payment expense (Note 11(d)) | (11) | 8 | (3) | 141 |
| Unrealized foreign exchange loss | 637 | 42 | 1,009 | 45 |
| Depreciation (Note 3) | 49 | 63 | 166 | 190 |
| Loss on sale of equipment | 20 | - | 20 | 3 |
| Interest expense on convertible notes payable | 665 | 612 | 1,964 | 1,724 |
| Other | (16) | 3 | (10) | 10 |
| | (135) | (562) | (1,940) | (3,280) |
| Net changes in non-cash components of working capital (Note 15) | (58) | (110) | (248) | (1,010) |
| | (193) | (672) | (2,188) | (4,290) |
| Financing activities | | | | |
| Interest paid on Vincere convertible note (Note 6(b)) | (66) | - | (198) | - |
| Issuance of Richstone convertible note (Note 6(a)) | - | 578 | - | 4,289 |
| | (66) | 578 | (198) | 4,289 |
| Investing activities | | | | |
| Additions to mineral properties (Note 4) | - | (19) | - | (19) |
| Additions to equipment (Note 3) | (6) | - | (6) | (1) |
| Disposals of equipment (Note 3) | 2 | - | 2 | 9 |
| | (4) | (19) | (4) | (11) |
| Effect of exchange rate changes on cash and cash equivalents | (265) | (19) | (468) | (123) |
| Net change in cash and cash equivalents | (528) | (132) | (2,858) | (135) |
| Cash and cash equivalents, beginning of period | 899 | 321 | 3,229 | 324 |
| Cash and cash equivalents, end of period | 371 | 189 | 371 | 189 |
| Cash and cash equivalents consist of: | | | | |
| Cash | 371 | 172 | 371 | 172 |
| Short-term deposits | - | 17 | - | 17 |
| | 371 | 189 | 371 | 189 |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

1. Nature of operations and going concern

Until July 30, 2015, Oracle Mining Corp. (the "Company" or "Oracle Mining") was listed on the TSX under the symbol "OMN". On July 31, 2015 the Company commenced trading on the TSX Venture Exchange as a Tier 2 Mining Issuer under the trading symbol "OMN". The Company is incorporated under the Canada Business Corporations Act and is a reporting issuer under the jurisdictions of British Columbia, Alberta, Ontario and Quebec. The Company is engaged in the acquisition, exploration and development of mineral resource projects.

The Company's head office, principal address and registered office is #250 – 1090 W. Georgia St., Vancouver, British Columbia, V6E 3V7.

In September 2010, the Company acquired the Oracle Ridge copper property near Tucson, Arizona. The Company has started exploration and rehabilitation activities on this property. In accordance with the Company's accounting policy, all exploration and evaluation expenditures are expensed until such time as a technical feasibility study has been completed and commercial viability is demonstrable.

These condensed consolidated interim financial statements are prepared on the basis of a going concern which assumes the realization of assets and satisfaction of liabilities in the normal course of business. During the three and nine months ended September 30, 2015, the Company incurred a net loss of \$1,479,000 (2014 - \$1,290,000) and \$4,995,000 (2014 - \$5,029,000), respectively and at September 30, 2015, had a working capital deficiency of \$8,723,000 (December 31, 2014 – \$4,752,000) and an accumulated deficit of \$98,579,000 (December 31, 2014 - \$93,584,000).

The Company continues to minimize expenses while performing the necessary work to advance the Oracle Ridge project. On December 17, 2014, the Company restructured its CAD\$10,180,000 Loan Facility with Rich Stone Mining Investments (Hong Kong) Limited (Refer to Note 6(a) for further details) and simultaneously closed a minimum aggregate amount of US\$6,700,000 Loan Facility with Vincere Resources Holding LLC (Refer to Note 6(b) for further details) which provided the Company with net working capital of approximately C\$4,700,000 to continue to develop the Oracle Ridge Project.

As at September 30, 2015, the Company does not have the financial capacity to repay the Loan Facilities due December 17, 2015. Raising significant additional funding will be required to repay the outstanding principal and interest of the Loan Facilities. The Company was unable to meet certain milestone covenants pursuant to the loan agreement with its principal lender resulting in a breach of the terms of the loan agreement between the parties. The Company entered into a forbearance agreement, as disclosed on SEDAR, with its principal lender under which the lender agreed to forbear from taking steps to demand the repayment for the monies from time to time due and owing to the lender in respect of the loan and enforce all security held by the lender until October 31, 2015.

The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing to satisfy liabilities as they come due, complete exploration and development activities on the Oracle Ridge project and ultimately to achieve profitable operations. While the Company has been successful in raising capital in the past, there is no assurance it will be successful in closing transactions in the future. If the Company is unable to obtain adequate financing, the Company will need to further curtail operations and exploration activities. These conditions and matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

2. Summary of significant accounting policies

(a) Basis of preparation

These condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2014.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments, warrants, and share-based compensation measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s December 31, 2014 consolidated annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2014.

(b) Changes in accounting policies

There were no significant accounting standards or interpretations along with any consequential amendments, required for the Company to adopt effective January 1, 2015.

(c) New accounting standards and interpretations

The following standard will become effective in 2018 as noted below:

- *IFRS 9, Financial Instruments.* In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS provides a revised model for recognition and measurement of financial instruments and a single forward-looking ‘expected loss’ impairment model. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

3. Equipment

| | Leasehold Improvements | Furniture | Computer Equipment | Site Equipment | Total |
|---------------------------|---------------------------|-----------|-----------------------|-------------------|-------|
| | \$ | \$ | \$ | \$ | \$ |
| <i>Cost</i> | | | | | |
| December 31, 2013 | 48 | 73 | 216 | 928 | 1,265 |
| Additions | - | 1 | - | - | 1 |
| Disposals | (13) | - | - | - | (13) |
| Foreign exchange movement | (3) | (7) | (9) | - | (19) |
| December 31, 2014 | 32 | 67 | 207 | 928 | 1,234 |
| Additions | - | - | - | 6 | 6 |
| Disposals | (29) | (62) | (67) | - | (158) |
| Foreign exchange movement | (3) | (5) | (9) | - | (17) |
| September 30, 2015 | - | - | 131 | 934 | 1,065 |

| | Leasehold Improvements | Furniture | Computer Equipment | Site Equipment | Total |
|---------------------------------|---------------------------|-----------|-----------------------|-------------------|-------|
| | \$ | \$ | \$ | \$ | \$ |
| <i>Accumulated depreciation</i> | | | | | |
| December 31, 2013 | 35 | 36 | 120 | 375 | 566 |
| Depreciation | - | 14 | 52 | 186 | 252 |
| Disposals | (2) | - | - | - | (2) |
| Foreign exchange movement | (3) | (3) | (6) | - | (12) |
| December 31, 2014 | 30 | 47 | 166 | 561 | 804 |
| Depreciation | - | 6 | 23 | 137 | 166 |
| Disposals | (28) | (50) | (57) | - | (135) |
| Foreign exchange movement | (2) | (3) | (7) | - | (12) |
| September 30, 2015 | - | - | 125 | 698 | 823 |

| | Leasehold Improvements | Furniture | Computer Equipment | Site Equipment | Total |
|-------------------------|---------------------------|-----------|-----------------------|-------------------|-------|
| | \$ | \$ | \$ | \$ | \$ |
| <i>Carrying amounts</i> | | | | | |
| At December 31, 2014 | 2 | 20 | 41 | 367 | 430 |
| September 30, 2015 | - | - | 6 | 236 | 242 |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

4. Mineral properties

| | Oracle Ridge Copper Project | Total |
|-----------------------------|--------------------------------|---------------|
| | \$ | \$ |
| December 31, 2013 | 14,111 | 14,111 |
| Option payment (i) | 19 | 19 |
| Change in reclamation costs | 37 | 37 |
| December 31, 2014 | 14,167 | 14,167 |
| Change in reclamation costs | 3 | 3 |
| September 30, 2015 | 14,170 | 14,170 |

(a) Oracle Ridge copper project

On September 28, 2010, the Company completed the acquisition of the Oracle Ridge copper property through the purchase of all the outstanding common shares of 0830438 B.C. Ltd. and its wholly-owned subsidiary, Oracle Ridge Mining LLC.

(i) Option Payment

In August 2011, the Company entered into an operating lease agreement for additional land adjacent to the Oracle Ridge copper property. The lease is for a term of 15 years and requires annual payments of \$19,200 with two additional five year option periods on similar terms. The Company paid an initial non-refundable payment of \$57,600 upon execution of the lease.

5. Reclamation Bond

In March 2013, an amended Aquifer Protection Permit ("APP") was granted to the Company by the Arizona Department of Environmental Quality ("ADEQ"). The Company posted financial assurance in the amount of \$2,077,000 as a requirement to receive the amended APP. Financial assurance was provided through the issuance of a surety bond by a third-party insurer requiring a collateral deposit of \$830,800 from the Company, on 40% of the overall value of the financial assurance.

6. Notes Payable

| | September 30, 2015 | December 31, 2014 |
|---|-----------------------|----------------------|
| | \$ | \$ |
| Maturity analysis of notes payable: | | |
| Current: | | |
| Convertible note payable, related to Rich Stone Loan Facility (Note 6(a)) | 2,568 | 2,510 |
| Convertible note payable, related to Vincere Loan Facility (Note 6(b)) | 6,215 | 4,801 |
| Total Current | 8,783 | 7,311 |
| Non-current: | | |
| Promissory note payable (Note 6(c)) | 293 | 293 |
| | 9,076 | 7,604 |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

6. Notes Payable (continued)

- (a) On November 12, 2013, the Company closed (the "Initial Closing") the initial tranche of approximately C\$3.0 million of a secured convertible loan facility (the "Rich Stone Loan Facility") for up to an aggregate principal of C\$10.0 million with Rich Stone Mining Investment (Hong Kong) Limited ("Rich Stone"). The balance of the first tranche (approximately C\$1.0 million) was received by the Company on November 21, 2013. An origination fee of C\$240,000 was paid to Rich Stone relating to the initial tranche of the Loan Facility.

The second tranche of the Rich Stone Loan Facility in the amount of C\$6.0 million was received in instalments with the remaining balance received on September 30, 2014.

Interest accrued on the principal amount advanced under the Rich Stone Loan Facility at a rate equal to 12% per annum, calculated daily and payable by the Company in arrears quarterly

Since the Off-Take Agreement between the Company and MF2 Investment Company 1LP dated November 21, 2012 was neither terminated nor revised within twelve weeks of the Initial Closing, pursuant to the terms of the loan agreement evidencing the Rich Stone Loan Facility, Rich Stone had the option to convert, in its sole discretion and at any time prior to the maturity date, the outstanding principal and interest outstanding in respect of the Initial Closing (excluding any default interest, if any) into common shares of the Company at the lower conversion price of: (i) C\$0.37 per share; and (ii) the market price calculated as the volume weighted average price for the Company's common shares for the five (5) trading days prior to the date of conversion; provided that, such market price will not be less than a minimum price of C\$0.30 per share.

Rich Stone could, in its sole discretion, and at any time prior to the maturity date, convert the principal and interest outstanding in respect of the second tranche (excluding default interest, if any) into common shares of the Company at the price of C\$0.37 per share.

On November 12, 2014, Rich Stone agreed to an extension of the maturity of the Rich Stone Loan Facility from November 12, 2014 to December 15, 2014 on an interest free basis to facilitate the expected closing of the loan facility ("Vincere Loan Facility") with Vincere Resource Holdings LLC ("Vincere") that closed on December 17, 2014 and is discussed further in Note 6(c). In conjunction with the closing of the Vincere Loan Facility, the following changes were effected on the Rich Stone Loan Facility ("New Rich Stone Loan Facility"):

- 1) Rich Stone converted the entire first tranche loan balance of \$4,000,000 into 13,333,333 common shares at the agreed upon conversion price of C\$0.30/share.
- 2) Rich Stone converted \$1,000,000 of the second tranche loan balance into 2,702,702 common shares at the agreed upon conversion price of C\$0.37/share.
- 3) \$1,000,000 of the Rich Stone loan was repaid.
- 4) \$120,000 of the Rich Stone loan was forgiven.
- 5) Remaining loan balance of \$4,060,000 was extended for a period of 18 months past the closing of the Vincere Loan Facility. \$3,060,000 of the extended loan balance had its conversion price modified to the greater of the market price at the time of conversion or \$0.10/share. The conversion is not at the option of Rich Stone, but is triggered upon the company obtaining project financing of at least \$10,000,000 USD. The extension of the loan is on an interest free basis. If at any time the Vincere loan is extended past its maturity date, the Rich Stone loan will also be extended for the same time period (up to a maximum of 6 months).
- 6) C\$1,000,000 (which is an unsecured loan obligation) will be paid to Rich Stone as an extension payment.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

6. Notes Payable (continued)

The modification of the Rich Stone Loan Facility is a substantial modification, which was treated as an extinguishment for accounting purposes. At December 17, 2014, the modified debt was recorded at a fair value of \$2,800,000 and the resulting differential due to extinguishment accounting of \$5,005,000 was recorded to the debt reserve account in the equity section of the consolidated statements of financial position.

- (b) On December 17, 2014 (the "Closing Date"), the Company entered into a secured convertible loan facility with Vincere for an aggregate amount of \$6,700,000 USD.

The Vincere Loan Facility will mature twelve months after the Closing Date (the "Maturity Date"), Vincere has an option to extend the Maturity Date of the loan for a maximum of 18 months (extension months are interest free). An annual interest rate of 13.00% shall apply to the principal amount for the period from the Closing Date to the Maturity Date and shall be paid in advance to Vincere on the Closing Date. No further interest shall be incurred except in the event of default at 5.00% per annum of the principal amount outstanding prior to the Maturity Date. Prepayment of the loan facility is not permitted.

CAD\$2,378,251 of the principal amount may, at the sole discretion of Vincere and in whole or in part in multiple tranches at any time prior to the Maturity Date, be converted into 31,710,013 Common Shares (the "Vincere Shares"), representing approximately 65% of the Corporation's currently outstanding common shares, at the Conversion Price (as defined below) (the "Conversion Feature"). However, the number of Common Shares issuable upon such conversion may at no time exceed 24.9% of the issued and outstanding Common Shares (including for greater certainty, such Common Shares issued upon such conversion). The volume weighted average trading price of common shares of the Corporation (the "Common Shares") for the five trading days ended November 7, 2014, the last trading day prior to the signing of the Term Sheet, was C\$0.057 and the conversion price of C\$0.075 per share (the "Conversion Price") is an approximate 30% per cent premium to such price as at such time.

Vincere was entitled to payment of a closing fee of \$75,000, payable on the Closing Date and other reasonable expenses incurred in relation to executing the contemplated financing will be reimbursed to Vincere. Also, Vincere will be paid a monitoring fee of \$22,000 per month during the term of the loan. For the three and nine months ended September 30, 2015 the Company paid \$66,000 and \$198,000, respectively in monitoring fees (2014 - \$nil).

At December 31, 2014, the Company performed an assessment of embedded derivatives within the Vincere Loan Facility and concluded there are embedded derivatives. It was determined that since the extension feature on Vincere Loan Facility was not clearly and closely related to the Vincere Loan it is a derivative and was found to have a nominal value at December 17 and 31, 2014. It was also determined that the Vincere option to convert the debt into equity is an embedded derivative liability that is required to be measured at fair value at each reporting period. The Company recorded this embedded derivative as a current liability on the consolidated statements of financial position. At issuance on December 17, 2014, the embedded derivative's fair value was determined to be \$2,037. At September 30, 2015, the embedded derivative's fair value was determined to be \$1,000 (December 31, 2014 - \$164,000).

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

6. Notes Payable (continued)

As part of the Vincere Loan Facility, a subsidiary of the Corporation, Oracle Ridge Mining LLC ("Oracle Ridge") will issue to Vincere a warrant to acquire up to 66.7% of the issued and outstanding equity interests of Oracle Ridge for up to CAD\$20,000,000 (the "Warrant"), an investment of less than CAD\$20,000,000 will result in a pro-rata decrease in ownership in the issued and outstanding equity interests of Oracle Ridge. The Warrant may be exercised in whole or in part, and in one or more closings and will expire on the later of six months after the Maturity Date and when the Loan has been repaid in full. The Company convened a Special Meeting of the Shareholders on February 6, 2015 where approval of the Warrant was granted.

The Company determined that the warrant is a derivative liability at fair value with changes in fair value included in net earnings. During the three and nine months ended September 30, 2015, there was an unrealized loss on share purchase warrants of \$61,000 (2014 - \$nil).

- (c) In conjunction with the closing of the Vincere Loan Facility, the Company issued a promissory note to Orion Resources Partners (USA) LP ("Orion") that represents the trade payable outstanding to Orion as of December 17, 2014. The promissory note matures on December 17, 2016 and is non-interest bearing and is payable in full at the time of maturity.

7. Derivative liabilities

| | September 30, 2015 | December 31, 2014 |
|---|-----------------------|----------------------|
| | \$ | \$ |
| Convertible debenture conversion option - Vincere Loan Facility | 1 | 164 |
| Share purchase warrants | 126 | 64 |
| | <u>127</u> | <u>228</u> |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

7. Derivative liabilities (continued)

The unrealized (gain)/loss associated with the derivative liabilities recorded in the statement of operations are as follows:

| | Nine months ended September 30, | |
|---|---------------------------------|--------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Convertible debenture conversion option unrealized gain - Rich Stone Loan Facility | - | (364) |
| Convertible debenture conversion option unrealized gain - Vincere Loan Facility | (152) | - |
| Share purchase warrants unrealized loss | 61 | - |
| | (91) | (364) |

8. Capital risk management

The Company's objectives in managing its liquidity and capital resources are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of promissory notes payable, convertible note payable, other long-term liabilities and equity, comprised of issued capital, warrant reserve, share-based payment reserve, debt reserve, foreign currency translation reserve and deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue shares, issue new debt, and acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual budgets are approved by the Board of Directors. The Company does not pay out dividends.

The Company's capital as at September 30, 2015 and December 31, 2014 is as follows:

| | September 30, | December 31 |
|-----------------------------|---------------|---------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Convertible debentures | 8,783 | 7,311 |
| Other long-term liabilities | 598 | 598 |
| Equity | 5,484 | 9,633 |
| | 14,865 | 17,542 |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

9. Financial risk and risk management

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, reclamation bond, trade and other payables, promissory notes payable, convertible note, derivative liability and other liabilities. The Company has exposures to 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. The Board of Directors is responsible for the establishment and oversight of the Company's risk management policies and reviews the policies on an ongoing basis.

(a) Interest rate risk

The Company is exposed to interest rate risk with respect to the interest it earns on its cash and cash equivalents balances.

The Company does not enter into derivative contracts to manage the risk associated with interest rate movements.

(b) Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and has a 100% interest in the Oracle Ridge copper property in the US. A significant change in the currency exchange rates between the Canadian Dollar relative to the US dollar could have an effect on the Company's financial performance, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2015, the Company held the following financial instruments denominated in Canadian dollars or US dollars:

| | US\$ | C\$ |
|--|---------|---------|
| Cash and cash equivalents | 339 | 44 |
| Other receivables | 8 | 8 |
| Trade and other payables | (173) | (134) |
| Convertible debenture - Rich Stone Loan Facility | - | (3,440) |
| Convertible debenture - Vincere Loan Facility | (6,215) | - |
| | (6,041) | (3,522) |

Oracle Mining Corp.

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(In US\$, tabular amounts in thousands, unless otherwise noted)

9. Financial risk and risk management (continued)

At December 31, 2014, the Company held the following financial instruments denominated in Canadian dollars or US dollars:

| | US\$ | C\$ |
|---|----------------|------------|
| Cash and cash equivalents | 405 | 3,277 |
| Other receivables | 10 | 113 |
| Trade and other payables | (317) | (224) |
| Convertible debenture - Richstone Loan Facility | - | (2,912) |
| Convertible debenture - Vincere Loan Facility | (4,966) | - |
| | <u>(4,868)</u> | <u>254</u> |

At September 30, 2015, with other variables unchanged, a 10% change in the US dollar/Canadian dollar exchange rate would increase/decrease pre-tax loss by \$0.5 million for the nine months ended September 30, 2015 (2014 - \$1.0 million).

(c) Credit risk

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents, marketable securities, and receivables. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk at September 30, 2015 and December 31, 2014, is as follows:

| | September 30, 2015 | December 31, 2014 |
|---------------------------|-----------------------|----------------------|
| | \$ | \$ |
| Cash and cash equivalents | 371 | 3,229 |
| Other receivables | 14 | 107 |
| Reclamation bond | 831 | 831 |
| | <u>1,216</u> | <u>4,167</u> |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

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9. Financial risk and risk management (continued)

(d) Liquidity risk

The Company manages liquidity risk through an annual budget and ongoing monitoring of expenses and capital expenditures to ensure it has sufficient liquidity to meet its business requirements as they come due. As of September 30, 2015, the Company had a working capital deficiency of \$8,724,000 (December 31, 2014 – \$4,752,000).

As at September 30, 2015, the Company's liabilities and commitments have contractual maturities of:

| | Payments due by period | | | |
|--|------------------------|------------------|-----------|-------------------|
| | Total | Less than 1 year | 1-5 years | More than 5 years |
| | \$ | \$ | \$ | \$ |
| Trade and other payables | 240 | 240 | - | - |
| Convertible debentures, including interest | 9,797 | 9,797 | - | - |
| Reclamation provision (undiscounted) | 649 | - | - | 649 |
| Other liabilities | 598 | - | 598 | - |
| Lease commitments | 280 | 155 | 96 | 29 |
| | 11,564 | 10,192 | 694 | 678 |

10. Fair value measurement

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

10. Fair value measurement (continued)

At September 30, 2015 and December 31, 2014, the Company's financial assets and liabilities are categorized as follows:

| | September 30, 2015 | | | |
|-----------------------------|--------------------|--------------------------|----------------------|-------|
| | FVTPL | Loans and receivables | Other liabilities | Total |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | - | 371 | - | 371 |
| Other receivables | - | 14 | - | 14 |
| Reclamation bond | - | 831 | - | 831 |
| Financial liabilities | | | | |
| Trade and other payables | - | - | 241 | 241 |
| Convertible notes payable | - | - | 8,783 | 8,783 |
| Derivative liability | 1 | - | - | 1 |
| Other long-term liabilities | - | - | 305 | 305 |

| | December 31, 2014 | | | |
|-----------------------------|-------------------|--------------------------|----------------------|-------|
| | FVTPL | Loans and receivables | Other liabilities | Total |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | - | 3,229 | - | 3,229 |
| Other receivables | - | 107 | - | 107 |
| Reclamation Bond | - | 831 | - | 831 |
| Financial liabilities | | | | |
| Trade and other payables | - | - | 598 | 598 |
| Convertible notes payable | - | - | 7,311 | 7,311 |
| Derivative liability | 164 | - | - | 164 |
| Other long-term liabilities | - | - | 305 | 305 |

The fair values of cash and cash equivalents, receivables, reclamation bond, trade and other payables, convertible note payable, and other long-term liabilities approximate their carrying value due to the nature of these items.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

September 30, 2015 and 2014

(In US\$, tabular amounts in thousands, unless otherwise noted)

10. Fair value measurement (continued)

| | September 30, 2015 | | December 31, 2014 | |
|-----------------------------|--------------------|------------|-------------------|------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 371 | 371 | 3,229 | 3,229 |
| Other receivables | 14 | 14 | 107 | 107 |
| Reclamation bond | 831 | 831 | 831 | 831 |
| Financial liabilities | | | | |
| Trade and other payables | 241 | 241 | 598 | 598 |
| Convertible notes payable | 8,783 | 9,396 | 7,311 | 9,868 |
| Other long-term liabilities | 305 | 305 | 305 | 305 |

The Company has certain financial assets and liabilities that are measured at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's marketable securities are designated as Level 1 and derivative liability is designated as Level 2. There were no movements between levels during the period by any financial assets or liabilities.

11. Issued capital

(a) Authorized

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(b) Issued

During the nine months ended September 30, 2015, and September 30, 2014 the Company has not issued shares.

(c) Long term incentive plan ("LTIP")

Pursuant to the terms of the Company's LTIP, approved during the second quarter of 2012, the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options may be exercisable over periods of up to five years as determined by the Board of Directors of the Company and the exercise price is the last closing price of the shares preceding the awarding date. Stock options granted to employees, officers and consultants vest one-third immediately, one-third after 12 months from the date of grant and one-third after 24 months from the date of grant, while stock options granted to directors vest

Oracle Mining Corp.

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11. Issued Capital (continued)

immediately. Stock options granted to investor relations consultants vest over a one year period, 25% each quarter, and are exercisable over a two year period from the date of grant.

A summary of the Company's share options outstanding as at September 30, 2015 and the changes for the period then ended are as follows:

| | Directors and officers | Employees and consultants | Total number of options | Weighted average exercise price per share C\$ |
|------------------------------------|---------------------------|------------------------------|----------------------------|---|
| Balance, December 31, 2013 | 2,969,333 | 1,338,666 | 4,307,999 | 0.84 |
| Granted | 1,175,000 | 412,500 | 1,587,500 | 0.20 |
| Forfeited | (556,666) | (183,333) | (739,999) | 1.10 |
| Expired | - | (478,000) | (478,000) | 1.28 |
| Balance, December 31, 2014 | 3,587,667 | 1,089,833 | 4,677,500 | 0.54 |
| Forfeited | (2,880,000) | (350,000) | (3,230,000) | 0.41 |
| Expired | (210,000) | - | (210,000) | 1.00 |
| Balance, September 30, 2015 | 497,667 | 739,833 | 1,237,500 | 0.81 |

The following table summarizes information about options outstanding and exercisable, granted to officers, directors, employees and consultants of the Company as at September 30, 2015:

| Exercise prices (C\$/option) | Options outstanding | Options outstanding | | | Options exercisable | |
|---------------------------------|------------------------|--|--|--|--|--|
| | | Weighted average exercise price (C\$/option) | Weighted average remaining contractual life (years) | Options outstanding and exercisable | Weighted average exercise price (C\$/option) | Weighted average remaining contractual life (years) |
| 0.20 | 612,500 | 0.20 | 3.65 | 612,500 | 0.20 | 3.65 |
| 0.85 | 100,000 | 0.85 | 2.52 | 100,000 | 0.85 | 2.52 |
| 0.94 | 171,000 | 0.94 | 2.18 | 171,000 | 0.94 | 2.18 |
| 1.29 | 54,000 | 1.29 | 1.59 | 54,000 | 1.29 | 1.59 |
| 1.90 | 300,000 | 1.90 | 0.48 | 300,000 | 1.90 | 0.48 |
| | 1,237,500 | 0.81 | 2.50 | 1,237,500 | 0.81 | 2.50 |

(d) Share-based payments

During the nine months ended September 30, 2015, the Company did not grant share options to directors, officers and employees. An amount of \$(3,000) (2014 - \$141,000) was recorded in share-based payment reserve in recognition of share-based compensation, based on the vesting schedule for the options granted.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

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11. Issued Capital (continued)

(e) Share purchase warrants

A summary of the Company's share purchase warrants outstanding as at September 30, 2015 and December 31, 2014:

| | Number of warrants | Average price of warrants C\$ |
|--|-----------------------|-------------------------------------|
| Balance January 1, 2014 | 4,900,000 | 1.02 |
| Balance, September 30, 2015 and December 31, 2014 | 4,900,000 | 1.02 |

In November 21, 2012, the Company completed a private placement for 9,800,000 Units with each Unit consisting of one common share of the Company and one-half of a warrant to purchase one common share (each whole warrant, a "Warrant") at a subscription price of \$1.02 per common share expiring on November 21, 2015.

12. General and administration expenses

| | Three months ended September 30, | |
|--|----------------------------------|------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Salaries and benefits | 4 | 174 |
| Professional and consulting fees | 43 | 19 |
| Share-based payments | (11) | 8 |
| Office expenses | 2 | 46 |
| Investor relations | 3 | 5 |
| Travel | 5 | 12 |
| Filing costs and shareholders' information | 18 | 16 |
| Insurance | 5 | 8 |
| Depreciation | 1 | 10 |
| | 70 | 298 |

| | Nine months ended September 30, | |
|--|---------------------------------|--------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Salaries and benefits | 92 | 620 |
| Professional and consulting fees | 233 | 422 |
| Share-based payments | (3) | 141 |
| Office expenses | 108 | 133 |
| Investor relations | 14 | 26 |
| Travel | 7 | 50 |
| Filing costs and shareholders' information | 59 | 44 |
| Insurance | 17 | 29 |
| Depreciation | 17 | 30 |
| | 544 | 1,495 |

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

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(In US\$, tabular amounts in thousands, unless otherwise noted)

13. Exploration and evaluation expenditures

| | Three months ended September 30, | |
|---|----------------------------------|------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Design and technical studies | 98 | 5 |
| Permitting costs | 15 | 76 |
| Site and safety services | 24 | 18 |
| Drilling | 27 | 22 |
| Administrative and advisory costs | 183 | 234 |
| Underground exploration and development | - | 1 |
| | 347 | 356 |

Administrative and advisory costs includes depreciation of \$48,584 (2014 - \$53,000).

| | Nine months ended September 30, | |
|---|---------------------------------|--------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Design and technical studies | 796 | 239 |
| Permitting costs | 197 | 279 |
| Site and safety services | 127 | 237 |
| Drilling | 73 | 311 |
| Administrative and advisory costs | 814 | 1,019 |
| Underground exploration and development | 1 | 58 |
| | 2,008 | 2,143 |

Administrative and advisory costs includes depreciation of \$149,401 (2014 - \$159,000).

14. Contingencies and commitments

Please refer to commitment schedule in Note 9(d).

- (a) The Company is committed under the terms of a lease for its office premise for total aggregate payments of \$810,000 expiring in 2018. During the nine months ended September 30, 2015, the Company entered into discussions with the lessor and terminated the lease agreement and ceased making lease payments in June 2015.
- (b) The Company is committed under the terms of land leases for total aggregate payments of \$124,800. The term of the leases extend to 2023.

Oracle Mining Corp.

Notes to the condensed consolidated interim financial statements

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(In US\$, tabular amounts in thousands, unless otherwise noted)

15. Supplemental cash flow information

Details of net change non-cash working capital are as follows:

| | Three months ended September 30, | |
|--|----------------------------------|-------|
| | 2015 | 2014 |
| | \$ | \$ |
| Other receivables | 21 | - |
| Prepaid expenses and other receivables | 55 | 54 |
| Trade and other payables | (134) | (164) |
| Net change in non-cash working capital | (58) | (110) |

| | Nine months ended September 30, | |
|--|---------------------------------|---------|
| | 2015 | 2014 |
| | \$ | \$ |
| Other receivables | 85 | - |
| Prepaid expenses and other receivables | 5 | 341 |
| Trade and other payables | (338) | (1,351) |
| Net change in non-cash working capital | (248) | (1,010) |

16. Segmented information

The Company currently operates in one business segment, being the acquisition and development of mineral properties. The Company's sole development property, Oracle Ridge, is located in the US and the Company's head office is located in Canada. Substantially all of the Company's long-lived assets are located in the US.

17. Related Party Transactions

During the three and nine months ended September 30, 2015, a Company directly owned by an officer of the Company was paid approximately \$37,000 (2014 - \$nil) and \$95,000 (2014 - \$nil), respectively for consulting services, charged to general and administration expenses. These transactions are at the exchange amount, which is the amount of consideration established and agreed to by the parties.