

# **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2015 and  
2014



**November 30, 2015**

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## Management's Discussion and Analysis

Quarterly Report – September 30, 2015

All figures reported in US Dollars, unless otherwise noted

This 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. and its subsidiaries. In this MD&A, the terms the "Company", "Oracle Mining", "we", our, and "us" refer to the consolidated operations of Oracle Mining Corp. and our subsidiaries unless otherwise specifically noted or the context requires otherwise.

The information in this MD&A is as of November 30, 2015 and complements and supplements the Company's unaudited condensed consolidated interim financial statements and associated notes for the three and nine months ended September 30, 2015 and 2014 (the "consolidated financial statements"). 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. See note 9 of our consolidated financial statements for information about the effect of changes in foreign exchange rates.

Additional information about the Company, including the Company's annual information form dated March 31, 2015, is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.oracleminingcorp.com](http://www.oracleminingcorp.com).

### Forward Looking Information

*Information and statements contained in this MD&A that are not historical facts are "forward-looking information" within the meaning of Canadian securities legislation that involve risks and uncertainties. Forward-looking information included herein is made as of the date of this MD&A and Oracle Mining does not intend, and does not assume any obligation, to update forward-looking information unless required by applicable securities laws. Forward-looking information relates to future events or future performance and reflect management of the Company's expectations or beliefs regarding future events.*

*In certain cases, forward-looking information 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. Examples of forward-looking information in this document include, but are not limited to, statements with respect to: the updated mineral resource estimate for the Oracle Ridge project; our plans and expectations for the Oracle Ridge project; the timing or completion of any work on the Oracle Ridge project, including the timing, plans and budget of our proposed 2014 infill and expansion drilling program; our belief that we have created a growth-orientated metals corporation; the potential for us to implement our growth strategy goals; the potential to use the lands adjacent to the project as a future tailings facility; confirmation regarding the accuracy of the historical database; our ability to incorporate Project Development Studies (defined below) into a future feasibility study, if any; our plans for advancing permitting and regulatory requirements related to any such plans; our Outlook in section 4 of this MD&A, including our ability to complete the specific objectives set forth therein and to obtain the financing necessary to complete such objectives; and our need to obtain funding, including the Loan Facility with Vincere Resource Holdings LLC (defined below). This forward-looking information is based, in part, on assumptions and factors that may change or prove to be incorrect, thus causing actual results,*

*performance or achievements to be materially different from those expressed or implied by forward-looking information. Such factors and assumptions include, but are not limited to: our assumptions regarding copper, base metal and precious metal prices; accuracy of the updated Mineral Resource estimate and Mineral Resource modelling; accuracy of cut-off grade and assumptions underlying thereto, including projected copper prices and estimates of total operating costs; dilution allowance assumptions; the success of drill programs; reliability of drilling, sampling and assay data; representativeness of mineralization, accuracy of metallurgical test work and preliminary process design work; and our ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain timely receipt of regulatory approvals; and our ability to successfully raise capital.*

*By its very nature, forward-looking information involves 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 forward-looking information. Such factors include, but are not limited to: risks related to the uncertainty of our exploration and development efforts; risks relating to estimates of Mineral Resources and cut-off grade and factors underlying, proving to be inaccurate; risk that we are unable to enforce our legal rights under existing agreements, permits or licences or are subject to litigation or arbitration that has an adverse outcome; risk there are changes in project parameters as plans continue to be refined; risks related to the uncertainty of timing of events; fluctuation in copper, base metal and precious metal prices; risk that we cannot obtain or maintain necessary permits or approvals from governmental authorities; we are affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays, accidents, labour disputes and other risks inherent in the mining industry; delays in obtaining governmental approvals or financing or in the completion of Project Development Studies, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A and discussed in the Company's annual information form dated March 31, 2015, for the year ended December 31, 2014, filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from forward-looking information, 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated by such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.*

## **1. COMPANY OVERVIEW**

Oracle Mining is an exploration and development stage company existing under the *Canada Business Corporations Act*. We are a reporting issuer in British Columbia, Alberta, Ontario and Quebec, and since January 13, 2012 our common shares have been listed on the Toronto Stock Exchange under the trading symbol "OMN". Effective at the close of trading on July 30, 2015, the Company ceased trading on the TSX and on July 31, 2015 commenced trading on the TSX Venture Exchange as a Tier 2 Mining Issuer under the trading symbol "OMN". The Company is involved in the acquisition, exploration, development and advancement of mineral resource projects.

Our primary focus is to return our principal property, the Oracle Ridge copper project ("Oracle Ridge" or the "Project"), located northeast of Tucson, Arizona, U.S.A., back into production. Before we acquired Oracle Ridge, it was a producing underground copper mine from 1991 through 1996, with approximately 17 kilometres of workings. References herein to the "Oracle Ridge Mine" or the "Mine" are historical references to the former producing copper mine.

We also own a 640 hectare mining concession at the Barry-Souart property northeast of Val d'Or in the Province of Quebec, which we optioned to a third party in June 2012.

During the three and nine months ended September 30, 2015, the Company incurred a net loss of \$1.5 million and 5.0 million, respectively and at September 30, 2015 had a working capital deficiency of \$8.7 million and an accumulated deficit of \$98.6 million.

On May 13, 2014, the Company decided to temporarily suspend the 2014 Drill Program and rationalize expenditures to manage remaining financial resources while evaluating Third Party Options (as defined below) and continuing to advance permitting. Please refer to section 4 of this MD&A for additional information.

## **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 Mine. The Project is comprised of 57 patented mining claims in 13 parcels, covering approximately 900 acres, in the Old Hat Mining District at Marble Peak (the "Mineral Rights"). The Mineral Rights are held by our indirect, wholly-owned subsidiary, Oracle Ridge Mining, LLC. Ownership of the Mineral Rights will revert to the previous owner in the year 2025; provided however, the Company has an option to extend its interest in the Mineral Rights to 2040 upon payment of additional consideration. We acquired surface rights in connection with the Mineral Rights pursuant to the terms of a surface lease. In addition, the Company has acquired 353 acres of existing tailings and adjacent property that it may use as a future tailings facility.

The surface rights for the area necessary for mining access, processing facilities and offices are secured by an industrial property lease dated February 18, 2010 between Oracle Ridge Mining, LLC and Marble Mountain Ventures LLC, as amended from time to time (the "Lease"), which Lease includes the Daily 5, Sphinx, Oversight, Golden Peak, Copper Peak, York, Apache Central and Copper Princess patented mining claims. Under the Lease, Oracle Ridge Mining, LLC leases from Marble Mountain Ventures LLC the surface rights to Oracle Ridge for the purpose of carrying out exploration, development and advancement of the Oracle Ridge Project. The Lease had an initial term of three years beginning February 2010 and is renewable at the option of the Company for nine additional extensions of three years each. The second lease term began February 2013 wherein the Company paid lease payments of \$150,000 in 2013 and \$152,250 in 2014 and \$154,686 in 2015. Future payments required to renew the Lease are \$150,000 per annum plus inflation adjustments.

The Project area is a roof pendent of predominantly Paleozoic carbonate sedimentary rocks surrounded by the Leatherman Granodiorite intrusive. The emplacement of the intrusive resulted in alteration of the carbonate rocks to skarn and introduction of sulphide copper mineralization. Skarn mineralization at the Oracle Ridge Project consists of copper and magnetite along with bi-product gold and silver mineralization. Copper grades in excess of 15% have been reported. Magnetite when present can be as high as 60%, however, historically no attempt to recover the iron has been documented. Gold and silver have historically been recovered in the copper concentrate. The Project hosts at least twelve known zones containing multiple beds of primary copper skarn mineralization. During previous operations, gold and silver were produced from the Mine as by-products.

## Mineral Resource Estimates

In February 2014, Gilles Arseneau PhD, P.Geo., of ARSENEAU Consulting Services was retained to complete an update to our Mineral Resource estimate. Dr. Arseneau is an independent qualified person as defined by NI 43-101. The Company announced its updated Mineral Resource estimate in a news release entitled “Oracle Mining Announces Updated NI 43-101 Resource Estimate for the Oracle Ridge Copper Project” dated February 26, 2014. A copy of this news release is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Table 1 summarizes the combined estimated Measured and Indicated Mineral Resources at various cut-off grades for comparison purposes, with 1.0% copper equivalent (“CuEQ”) used as the base case cut-off grade. Measured plus Indicated Mineral Resources at the 1.0% CuEQ base case cut-off grade are estimated to be 7.3 million short tons at 1.61% copper. All tonnages in these tables are in imperial (short) tons.

**Table 1. Oracle Ridge Project Measured and Indicated Mineral Resource Estimate**

Cut-off %CuEQ	Tons Millions	%Cu	Grade			Contained Cu	Contained Ag	Contained Au
			Ag oz/t	Au oz/t	%CuEQ	Millions (lb)	Millions (oz)	Thousands (oz)
2.00	2.5	2.23	0.66	0.008	2.58	113	1.7	21
1.75	3.7	2.03	0.62	0.008	2.35	151	2.3	29
1.50	5.0	1.87	0.58	0.007	2.17	186	2.9	36
1.25	6.3	1.72	0.55	0.007	2.01	216	3.4	42
<b>1.00</b>	<b>7.3</b>	<b>1.61</b>	<b>0.52</b>	<b>0.006</b>	<b>1.88</b>	<b>236</b>	<b>3.8</b>	<b>47</b>
0.75	8.0	1.53	0.51	0.006	1.80	245	4.0	50

- The effective date of the Mineral Resource estimate is February 26, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.
- The base case cut-off grade of 1.0% CuEQ has been estimated to ensure reasonable prospects of economic extraction assuming extraction by an underground mining scenario, projected copper price of \$2.80 per pound and estimated total site operating costs of \$45 per ton.
- A selective mining unit of 15 x 15 x 10 feet has been used.
- Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
- Silver and gold grade estimates were based on a less comprehensive data set than the copper grade estimates. Where copper grade estimates exist without accompanying silver or gold grade estimates, the drill hole was not used to estimate the silver or gold grade.
- Copper equivalency has been estimated using metal pricing of \$2.80 per pound of copper, \$20 per ounce of silver and \$1,300 per ounce of gold. Metallurgical recovery were derived from preliminary lock cycle test results and assumed to be 81% for gold and silver. The formula used is as follows:  $CuEQ = Cu\% + \{(Ag\ oz/t * \$20 * 0.81) + (Au\ oz/t * \$1,300 * 0.81)\} / \$2.80 / 2,000 * 100$ .

Table 2 summarizes the estimated Measured Resources at various cut-off grades for comparison purposes, with 1.0% CuEQ used as the base case cut-off grade and Table 3 summarises the Indicated Mineral Resources at various cut-off grades for comparison purposes, with 1.0% CuEQ used as the base case cut-off grade.

**Table 2. Oracle Ridge Project Measured Mineral Resource Estimate**

Cut-off %CuEQ	Tons Millions	%Cu	Grade			Contained Cu	Contained Ag	Contained Au
			Ag oz/t	Au oz/t	%CuEQ	Millions (lb)	Millions (oz)	Thousand s (oz)
2.00	0.43	2.11	0.68	0.009	2.47	18	0.29	4
1.75	0.65	1.94	0.63	0.008	2.27	25	0.41	5
1.50	0.84	1.80	0.60	0.008	2.12	30	0.50	6
1.25	1.0	1.69	0.57	0.007	1.99	34	0.58	7
<b>1.00</b>	<b>1.2</b>	<b>1.59</b>	<b>0.55</b>	<b>0.007</b>	<b>1.88</b>	<b>37</b>	<b>0.64</b>	<b>8</b>
0.75	1.3	1.51	0.53	0.007	1.79	39	0.68	9

- The effective date of the Mineral Resource estimate is February 26, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.
- The base case cut-off grade of 1.0% CuEQ has been estimated to ensure reasonable prospects of economic extraction assuming extraction by an underground mining scenario, projected copper price of \$2.80 per pound and estimated total site operating costs of \$45 per ton.
- A selective mining unit of 15 x 15 x 10 feet has been used.
- Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
- Silver and gold grade estimates were based on a less comprehensive data set than the copper grade estimates. Where copper grade estimates exist without accompanying silver or gold grade estimates, the drill hole was not used to estimate the silver or gold grade.
- Copper equivalency has been estimated using metal pricing of \$2.80 per pound of copper, \$20 per ounce of silver and \$1,300 per ounce of gold. Metallurgical recovery were derived from preliminary lock cycle test results and assumed to be 81% for gold and silver. The formula used is as follows:  $CuEQ = Cu\% + \{(Ag\ oz/t * \$20 * 0.81) + (Au\ oz/t * \$1,300 * 0.81)\} / \$2.80 / 2,000 * 100$ .

**Table 3. Oracle Ridge Project Indicated Mineral Resource Estimate**

Cut-off %CuEQ	Tons Millions	%Cu	Grade			Contained Cu	Contained Ag	Contained Au
			Ag oz/t	Au oz/t	%CuEQ	Millions (lb)	Millions (oz)	Thousands (oz)
2.00	2.1	2.25	0.66	0.008	2.60	95	1.4	17
1.75	3.1	2.05	0.62	0.008	2.37	126	1.9	23
1.50	4.1	1.88	0.58	0.007	2.18	156	2.4	29
1.25	5.2	1.73	0.54	0.007	2.01	182	2.8	35
<b>1.00</b>	<b>6.1</b>	<b>1.61</b>	<b>0.52</b>	<b>0.006</b>	<b>1.88</b>	<b>199</b>	<b>3.2</b>	<b>38</b>
0.75	6.7	1.54	0.50	0.006	1.80	207	3.4	41

- The effective date of the Mineral Resource estimate is February 26, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.
- The base case cut-off grade of 1.0% CuEQ has been estimated to ensure reasonable prospects of economic extraction assuming extraction by an underground mining scenario, projected copper price of \$2.80 per pound and estimated total site operating costs of \$45 per ton.
- A selective mining unit of 15 x 15 x 10 feet has been used.
- Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
- Silver and gold grade estimates were based on a less comprehensive data set than the copper grade estimates. Where copper grade estimates exist without accompanying silver or gold grade estimates, the drill hole was not used to estimate the silver or gold grade.

- Copper equivalency has been estimated using metal pricing of \$2.80 per pound of copper, \$20 per ounce of silver and \$1,300 per ounce of gold. Metallurgical recovery were derived from preliminary lock cycle test results and assumed to be 81% for gold and silver. The formula used is as follows:  $CuEQ = Cu\% + \{(Ag\ oz/t * \$20 * 0.81) + (Au\ oz/t * \$1,300 * 0.81)\} / \$2.80 / 2,000 * 100$ .

Table 4 summarizes the estimated Inferred Mineral Resources at various cut-off grades for comparison purposes, with 1.0% CuEQ used as the base case cut-off grade. At the 1.0% copper base case cut-off grade, the Inferred Mineral Resources are estimated to be 5.6 million tons at 1.53% copper.

**Table 4. Oracle Ridge Project Inferred Mineral Resource Estimate**

Cut-off %CuEQ	Tons Millions	%Cu	Grade			Contained Cu	Contained Ag	Contained Au
			Ag oz/t	Au oz/t	%CuEQ	Millions (lb)	Millions (oz)	Thousands (oz)
2.00	1.4	2.35	0.65	0.004	2.61	65	0.9	5
1.75	2.3	2.05	0.60	0.005	2.31	96	1.4	11
1.50	3.1	1.89	0.57	0.004	2.14	118	1.8	14
1.25	4.5	1.68	0.51	0.004	1.90	152	2.3	19
<b>1.00</b>	<b>5.6</b>	<b>1.53</b>	<b>0.49</b>	<b>0.004</b>	<b>1.75</b>	<b>173</b>	<b>2.8</b>	<b>22</b>
0.75	7.4	1.34	0.46	0.003	1.54	199	3.4	26

- The effective date of the Mineral Resource estimate is February 26, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.
- The base case cut-off grade of 1.0% CuEQ has been estimated to ensure reasonable prospects of economic extraction assuming extraction by an underground mining scenario, projected copper price of \$2.80 per pound and estimated total site operating costs of \$45 per ton.
- A selective mining unit of 15 x 15 x 10 feet has been used.
- Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
- Silver and gold grade estimates were based on a less comprehensive data set than the copper grade estimates. Where copper grade estimates exist without accompanying silver or gold grade estimates, the drill hole was not used to estimate the silver or gold grade.
- Copper equivalency has been estimated using metal pricing of \$2.80 per pound of copper, \$20 per ounce of silver and \$1,300 per ounce of gold. Metallurgical recovery were derived from preliminary lock cycle test results and assumed to be 81% for gold and silver. The formula used is as follows:  $CuEQ = Cu\% + \{(Ag\ oz/t * \$20 * 0.81) + (Au\ oz/t * \$1,300 * 0.81)\} / \$2.80 / 2,000 * 100$ .
- Inferred Mineral Resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Mineral Resources will ever be upgraded to a higher category.

The Mineral Resource model was developed using a total of 613 drill holes, including 128 holes (70 from surface and 58 from underground) drilled on behalf of Oracle Mining between 2011 and 2013 drilling campaigns and 485 historical drill holes. All copper grades from the historical drill holes were adjusted down by 12.5% to account for an apparent bias associated with the historical assay database identified as a result of the 2013 re-assaying program by Oracle Mining of historical drill core.

The Mineral Resource estimate has been generated from drill hole sample assay results and the interpretation of a geologic model that relates to the spatial distribution of copper in the deposit. Grade was estimated by ordinary kriging constrained within individually identified geological beds using sample data composited to 10-foot intervals into model blocks measuring 15 by 15 by 10 feet vertically. High grades, greater than 10% copper and greater than 2.0 oz/t silver, were restricted to search radii of 20 by 20 by 20 feet. A comprehensive geological model that encompasses all known mineralization was constructed. Mineral Resources have been classified

using average distances and a minimum number of drill holes within the search ellipse and are reported according to the CIM definition standards for Mineral Resources and Mineral Reserves.

Dr. Arseneau verified the technical and scientific information including sampling, analytical and test data underlying the information or opinions relating to the updated Mineral Resource estimate. This verification was done during a visit to the Oracle Ridge site and by reviewing and interpreting the data that was produced. In connection with the 2013 drilling program, Dr. Arseneau also reviewed QA/QC procedures, inspected drill core and reviewed assay certificates.

There are no known legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Resources.

### **Permitting and Regulatory Programs**

We have made significant progress in advancing the permitting process and continue to move forward with permitting that would be necessary to re-start production at Oracle Ridge, should a production decision be made. The following have been completed:

- PDEQ Class II Air Quality Operating Permit – June 2012
- Pima County Memorandum of Understanding – July 2012
- Secured Right of Way from Arizona State Land Department – November 2012
- Aquifer Protection Permit – March 2013
- Preliminary Jurisdictional Delineation – February 2013
- Traffic Impact Analysis – March 2013
- Special Land Use Permit – May 2013

A preliminary draft Environmental Assessment was submitted to the U.S. Forest Service (“USFS”) during the fourth quarter of 2012 in support of our Plan of Operations. This authorization is necessary to allow us the use of a portion of Forest Service lands. USFS and Oracle Mining continue to advance this permit. . A draft Plan of Operations was submitted to the USFS in February 2015. On April 30, 2015 the USFS completed an initial review of the document with suggestions for improving the plan. The Company is reviewing their comments and no timeline for completion of the review has been finalized.

We have not made a production decision with respect to Oracle Ridge. A decision to proceed with production will be based upon the Company establishing a current Mineral Resource estimate and the results of a future Feasibility Study demonstrating economic and technical viability.

### **Qualified Persons**

All scientific and technical information concerning the Oracle Ridge Project’s Mineral Resource Estimate in this MD&A was prepared by, or under the supervision of, Dr. Gilles Arseneau Ph.D., P.Geol., of ARSENEAU Consulting Services. Dr. Arseneau is an independent qualified person within the meaning of NI 43-101. All scientific and technical information in this MD&A, other than scientific and technical information concerning the Mineral Resource Estimate, has been reviewed and approved for inclusion in this MD&A by Kevin Francis, SME RM, Vice President Technical Services of Oracle Mining, a non-independent qualified person within the meaning of NI 43-101.

### 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.

<i>In thousands of US Dollars</i>	Sept 30, 2015	June 30, 2015	Mar 31, 2015	Dec 31, 2014	Sept 30, 2014	June 30, 2014	Mar 31, 2014	Dec 31, 2013
Interest income	-	-	-	-	-	-	-	4
Net loss	(1,479)	(1,289)	(2,227)	(1,564)	(1,290)	(1,534)	(2,204)	(2,653)
Basic and diluted loss per share	(0.03)	(0.03)	(0.04)	(0.03)	(0.03)	(0.03)	(0.04)	(0.05)

#### *Three months ended September 30, 2015 and 2014*

For the three months ended September 30, 2015, the Company had a net loss of 1.5 million compared to a net loss of \$1.3 million for the three months ended September 30, 2014. The increase in net loss of \$0.2 million compared to the prior period is primarily due to an increase of \$0.4 million in foreign exchange loss offset by a decrease in general and administrative costs of \$0.2 million.

The decrease in general and administrative expenditures is primarily due to a decrease of \$0.2 million in salaries and benefits.

#### *Nine months ended September 30, 2015 and 2014*

For the nine months ended September 30, 2015, the Company had a net loss of \$5.0 million compared to net loss of \$5.0 million for the nine months ended September 30, 2014. Differences between the comparable periods include a decrease of \$1.0 million in general and administrative costs and a decrease of \$0.1 million in exploration and evaluation expenditures, offset by an increase in interest expense of \$0.2 million, an increase in foreign exchange loss of \$0.5 million and a decrease in the unrealized gain on derivative liability of \$0.2 million.

The decrease in general and administrative expenditures is primarily due to a decrease of \$0.5 million in salaries and benefits, a decrease of \$0.2 million in professional and consulting fees, and a \$0.2 million decrease in share-based payments.

The decrease in exploration and evaluation expenditures is primarily due to a decrease of \$0.2 million in drilling costs, a decrease of \$0.2 million in administrative and advisory costs, and a decrease of \$0.2 million combined in site, safety services and underground exploration and development costs, offset by an increase of \$0.6 million in design and technical studies.

### 4. OUTLOOK

We are working towards the following objectives:

- advancing our Plan of Operations with the USFS, and
- maintaining regulatory permits and approvals.

To the extent possible, we intend to incorporate previously completed engineering studies in metallurgy and geotechnical engineering (“Project Development Studies”) into a future Feasibility Study. There is no assurance that a Feasibility Study will be completed or, if completed, that the outcome will be positive.

We have not made a production decision with respect to Oracle Ridge. A decision to proceed with production will be based upon the Company completing a future Feasibility Study demonstrating economic and technical viability.

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

## **5. RISKS AND UNCERTAINTIES**

For a comprehensive discussion of risk factors, readers are referred to the Company's annual information form for the year ended December 31, 2014, dated March 31, 2015, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Continuing operations**

As at September 30, 2015, the Company had cash and cash equivalents of \$0.4 million, working capital deficiency of \$8.7 million, and long-term debt of \$0.6 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.

Significant additional funding will be required to achieve our objectives for the next 12 months as discussed above and to repay the outstanding principal and interest of our convertible loan facility ("Rich Stone Loan Facility") with Rich Stone Management Investment (Hong Kong) Limited due June 17, 2016, as described in section 6 of this MD&A as well as the outstanding principal of our convertible loan facility ("Vincere Loan Facility") with Vincere Resource Holdings LLC, due December 17, 2015. As at September 30, 2015, the Company does not have the financial capacity to repay the Vincere Loan Facility and 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.

## **Industry and economic factors affecting the Company's performance**

### *a) Dependence on Oracle Ridge*

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

We have not yet identified mineral resources or mineral reserves in accordance with NI 43-101 for Oracle Ridge, which will be required as a basis for determining if Oracle Ridge has bodies of commercial mineralization. The existing information about Oracle Ridge is largely historical. There may be significant costs, timing issues and complexities associated with confirming and upgrading the existing historical data for Oracle Ridge and the results of the confirmation and 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 Oracle Ridge could have a material adverse effect upon the Company and would materially and adversely affect our potential mineral production, profitability, financial performance and results of operations.

### *b) Exploration and development*

The property interests owned by the Company are in the exploration stage and have not been identified as Mineral Reserves in accordance with NI 43-101. Mineral exploration involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The Company's mineral exploration activities may not result in discovery of mineralization that can be technically and economically extracted. If the Company's efforts do not result in discovery of mineralization that can be technically and economically extracted, the Company will be forced to look for other exploration projects or cease operations.

Substantial expenditures are required to establish Mineral Resources and Mineral Reserves through drilling and the estimation of mineral resources or mineral reserves in accordance with NI 43-101. Although substantial benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify commercial operation and the funds required for development may not be obtained on a timely basis.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labour are other risks involved in the conduct of exploration programs. The Company from time to time augments its internal exploration and operating expertise with advice from consultants and others as required. The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

Estimates of Mineral Reserves and Mineral Resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grade of mineral ultimately mined may differ from that indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

c) *Future financing*

Completion of future programs and repayment of indebtedness under the Loan Facilities with Rich Stone and Vincere will require additional financing. However, there is no certainty the Company will be able to raise funds in the event it needs to do so. Any successful future financing may dilute the interests of existing shareholders, and securities issued by the Company may grant rights, preferences or privileges senior to those of the Company's common shareholders.

Sales of a substantial number of common shares (including shares issuable upon the exercise of stock options and the exercise of warrants), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.

d) *Litigation*

We are subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. We may also be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which we are or may become subject could have a material effect on our financial position, results of operations, our mining and project development operations or our current or potential financing arrangements.

e) *Titles to property*

There may be challenges to the title to the mineral properties in which the Company holds a material interest. If there are title defects with respect to any of its properties, the Company might be required to compensate other persons or perhaps reduce its interest in the affected property. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing exploration and development programs.

f) *Permits and licenses*

The Company is required to obtain and renew licenses and permits from various government authorities for existing operations and any ultimate development, construction and commencement of mining operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects. Further, the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

g) *Metal prices*

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. The Company's revenues, if any, are expected to be in a large part derived from the mining and sale of copper and other precious and non-precious metals. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control,

including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The effect of these factors cannot be accurately predicted, but they may adversely affect the Company's operation and its ability to raise capital.

*h) Historical production may not be indicative of the potential for future development*

Oracle Ridge was previously an operating mine. However, historical production may not be indicative of the potential for future development of the property. Due to the uncertainties associated with exploration and development, including variations in geology and structure, there is no assurance that the Company's development efforts will be successful or that prior operating results are reflective of additional or economically developable deposits. Investors in the Company's securities should not rely on historical operations as an indication that the Company's mining properties will be placed into commercial production again or that such properties will produce revenues or be profitable.

*i) Competition*

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests, for equipment required to conduct its activities, as well as for recruitment and retention of qualified employees.

In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

*j) Environmental regulations*

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards in which enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

*k) Stage of development*

The Company does not have a history of earnings or the provision of return on investment, and in the future there is no assurance that it will produce revenue, operate profitably, or provide a return on investment. The Company has limited financial resources and its ability to achieve and

maintain profitability and positive cash flow is dependent upon the Company being able to: (i) locate a profitable mineral property; (ii) generate revenues in excess of expenditures; and (iii) reduce exploration and administrative costs in the event revenues are insufficient.

*l) Dividends*

The Company has never declared or paid any dividends on its common shares. Currently, the Company intends to retain its earnings, if any, to finance the growth and development of the business and does not expect to pay dividends or to make any other distributions in the future, which may limit the way in which investors may realize any returns on their investment.

*m) Industry conditions*

The Company's assets and activities are subject to laws and regulations governing various matters, including, but not limited to:

- Exploration, development of mines, production and post-closure reclamation;
- price controls;
- taxation;
- expropriation of property;
- environmental protection;
- use of toxic substances and explosives;
- management of natural resources;
- exports;
- development criteria or changes in conditions under which minerals may be mined, milled or marketed;
- labour standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits against the Company based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It may be difficult to strictly comply with all regulations imposed on the Company. The failure to comply with all applicable laws could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

*n) Uninsured hazards*

Mineral exploration involves risks, including unusual geological conditions, which, even with a combination of experience, knowledge and careful evaluation, mineral exploration companies may not be able to overcome. The Company may become subject to liability for damage to property, environmental damage or other damage, which cannot be insured against, or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company assets or the insolvency of the Company.

*o) Key employees*

The Company's performance is substantially dependent on the performance and continued efforts of the Company's key officers. The loss of the services of any of the Company's key officers could have a material adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of its officers. The Company has limited resources and may be unable to compete with larger organizations with respect to compensation and perquisites.

*p) Conflicts of interest*

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## 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 develop and finance future profitable business opportunities.

<i>In thousands of US dollars</i>	Sept 30, 2015	June 30, 2015	Mar 31, 2015	As at Dec 31, 2014	Sept 30, 2014
Cash and cash equivalents	371	899	1,657	3,229	189
Working capital	(8,723)	(7,777)	(6,451)	(4,752)	(9,238)

Cash and cash equivalents as at September 30, 2015 were \$0.4 million compared to \$3.2 million as at December 31, 2014. Working capital deficiency was \$8.7 million as at September 30, 2015, compared to working capital deficiency of \$4.8 million as at December 31, 2014. The decrease in working capital is due to resources expended for exploration and evaluation of Oracle Ridge and general and administrative costs.

The Company's current plans are to continue to minimize expenses while performing the necessary work to advance the Oracle Ridge project. The Company is currently contemplating additional financing to support operations. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in obtaining financing in the future.

### Financing activities

#### *Nine months ended September 30, 2015*

During the nine months ended September 30, 2015, the Company made interest payments of \$0.2 million on the Vincere financing.

Year-end December 31, 2014

During the year ended December 31, 2014, the Company closed C\$4.6 million of the second tranche under the Rich Stone Loan Facility with Rich Stone and received advances under the amended Rich Stone Loan Facility of C\$0.2 million. The Company paid an origination fee of C\$0.15 million to Rich Stone. As at December 17, 2014, the Company accrued interest of approximately C\$2.6 million relating to the Rich Stone Loan Facility. Please refer to note 7 of the consolidated financial statements for additional information. On May 13, 2014, the Rich Stone Loan Facility was amended where interest in the aggregate amount of C\$1,200,000 and the origination fee payable of C\$600,000 were to be advanced to the Company as soon as practicable and repaid to Rich Stone on the maturity of the Rich Stone Loan Facility. On November 12, 2014, the Rich Stone Loan Facility was further amended to reflect a maturity date of December 15, 2014 on an interest free basis to facilitate the closing of the Vincere transaction that closed on December 17, 2014. In conjunction with the closing of the Vincere Loan Facility, the following changes were effected on the 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.

On December 17, 2014, the Company closed a secured convertible loan facility ("Vincere Loan Facility") with Vincere Resource Holdings LLC ("Vincere") for an aggregate minimum principal amount of US\$6.7 million. The loan will mature on December 17, 2015 (the "Maturity Date") and Vincere has the option to extend the Maturity Date of the loan to a maximum of 18 months. The Company paid Vincere a closing fee of \$75,000 and upfront interest of US\$871,000.

Description of Financing	Disclosed Use of Proceeds	Actual Use of Proceeds
December 2014 convertible loan facility (Vincere Loan Facility) \$4.1 million net proceeds	Expenditures related to Oracle Ridge and general corporate purposes	Expenditures related to Oracle Ridge for assessing technical and economic viability of the project and general corporate purposes.
November 2013 convertible loan facility (Tranche II): \$4.6 million net proceeds	Expenditures related to Oracle Ridge and general corporate purposes	Expenditures related to Oracle Ridge for the 2014 Drilling Program, assessing the viability of Third Party Options and general corporate purposes.

Vincere has the option to convert up to the US\$ equivalent of C\$2,378,251 loan principal at the US\$ equivalent of C\$0.075 common shares, subject to the limitation that the number of conversion shares issued will not exceed 24.9% of the issued and outstanding common shares. The US\$ equivalents are determined by reference to the spot rate at the conversion date.

### Investing activities

During the nine months ended September 30, 2015, the Company did not have significant investing activities.

### Contingencies, commitments and liabilities

As at September 30, 2015, the anticipated cash payments required to satisfy the Company's commitments and liabilities are as follows:

<i>In thousands of US Dollars</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>After 5 years</b>
Trade and other payables	240	240	-	-
Convertible notes	9,797	9,797	-	-
Reclamation Provision (undiscounted)	649	-	-	649
Other liabilities	598	-	598	-
Lease commitments	280	155	96	29
<b>Total</b>	<b>11,564</b>	<b>10,192</b>	<b>694</b>	<b>678</b>

Current working capital is not sufficient to meet all commitments or to carry out plans as described in section 4 of this MD&A. Significant additional funding will be required to meet the commitments and to carry out plans. The Company is currently evaluating various financing options to support operations.

The Company ceased making lease payments starting in June 2015 on its previous office space and during the quarter ended September 30, 2015, the Company entered into discussions with the lessor and terminated the lease agreement.

### Off-Balance Sheet Arrangements

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

### Proposed Transactions

As is typical of the mineral exploration and development industry, 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, other receivables, reclamation bond, trade and other payables, promissory note payable, convertible note, derivative liability, and other long-term liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of cash and cash equivalents, other receivables, trade and other payables, taxes payable and promissory note payable, and other long-term liabilities approximate their carrying values due to their short term maturity.

The Company's financial instruments have been classified as follows under IFRS:

- Cash and cash equivalents: Loans and receivables
- Receivables: Loans and receivables
- Reclamation bond: Loans and receivables
- Trade and other payables: Other liabilities
- Promissory note: Other liabilities
- Convertible notes: Other liabilities
- Derivative liabilities: Fair value through profit and loss
- Other long-term liabilities: Other 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, price risk and liquidity risk.

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company manages liquidity risk through an annual budget and ongoing monitoring of expenses and capital expenditures.

In management's opinion, the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The Company is exposed to foreign currency risk through its cash and cash equivalents, other receivables 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, 2015, with other variables unchanged, a 10% change in the US dollar/Canadian dollar exchange rate would impact pre-tax earnings by \$0.5 million for the nine months ended September 30, 2015. The Company monitors US dollar/Canadian dollar exchange rates on a constant basis and takes actions to mitigate risks as necessary.

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's ability to access capital markets due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on net income and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity price of copper and the stock market to determine the appropriate course of action to be taken by the Company.

### **Transactions with Related Parties**

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.

#### *Rich Stone Secured Convertible Loan Facility*

As Rich Stone is a significant shareholder of the Company, the Company regards the Loan Facility as a related party transaction. The Company entered into this related party transaction because alternate sources of financing were not available given the limited access to public financing due

to current global financial conditions. As at September 30, 2015, the Company has a remaining principal loan balance of C\$4,060,000 payable to Rich Stone.

The Loan Facility has usual and customary covenants to keep the facility in good standing including, but not limited to, repayment of the loan and accrued interest, provision of monthly financial reports, compliance with all applicable laws and applicable securities legislation, provision of notice of material events, compliance with the use of proceeds provisions of the loan and maintenance and insurance coverage of secured assets.

For further information regarding the Loan Facility see section 6 of this MD&A and note 6 of the consolidated financial statements. A copy of the Loan Facility agreement, as amended, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Management Changes**

Effective February 15, 2015, Mr. Ampere Chan, Chief Financial Officer, resigned from the Company and Carlos Escribano was appointed as Chief Financial Officer of the Company, effective the same day.

Effective February 15, 2015, Mr. Alan Edwards resigned from his position as Chairman of the Board of Directors of the Company.

Effective March 31, 2015, Mr. Kevin Drover, Chief Executive Officer and Director, resigned from the Company and Mr. Christophe Bernard, a director of the Company, was appointed as Interim Chief Executive Officer effective April 1, 2015. Also effective April 1, 2015, Mr. Michael Sheldon was appointed as a director of the Company.

Effective April 20, 2015, Mr. Cong Bin Liu resigned from the Board of Directors of the Company.

Effective October 15, 2015, Mr. Michel Tardif ceased to be a member of the Board of Directors of the Company.

### **Capitalization**

As at November 30, 2015, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	<b>Shares and Potential Shares</b>
Common shares outstanding	65,070,105
Stock options (average exercise price C\$0.81)	1,237,500
Conversion of convertible note - Richstone (greater of \$0.10 per share or market price)	30,600,000
Conversion of convertible note - Vincere (CAD\$0.75 conversion price)	21,574,509
<b>Total common shares and potential common shares</b>	<b>118,482,114</b>

## **7. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

### *Disclosure controls and procedures*

Disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Company is identified and communicated as appropriate on a timely basis.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### *Internal control over financial reporting*

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument 52-109 – Certification of disclosure in an Issuer's Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **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 useful lives of property, plant and equipment and the related depreciation;
- The inputs used in accounting for share-based compensation expense;
- The inputs used in accounting for the fair value of warrants;
- The allocation of funds received from MF2 Investment Company 1LP, Bermuda LP between the NSR Royalty, issued capital, and warrant reserve; and
- The inputs used in accounting for the convertible note payable and derivative liability which are included in the consolidated statement of financial position and the related unrealized gain on derivative liability included in the statement of comprehensive loss.

For a summary of significant accounting policies, please refer to note 2 of the December 31, 2014 audited consolidated financial statements.

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

## **9. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

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

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.