Management's Discussion and Analysis

ORACLE MINING CORP.

(Formerly Gold Hawk Resources Inc.)

June 30, 2012

Contents

Management's Discussion and Analysis

Quarterly Report – June 30, 2012
All figures reported in US Dollars, unless otherwise noted

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

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

1. COMPANY OVERVIEW

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

In the third quarter of 2010, the Company acquired the Oracle Ridge copper project located in Arizona, USA. The Company has made significant steps in the project's development process, including progress on the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") validation drilling program and preparation of an economic design and feasibility study, obtaining some of the necessary regulatory permits, rehabilitating the mine and obtaining mining equipment.

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

2. ORACLE RIDGE MINE DEVELOPMENT

The 100% owned Oracle Ridge copper project is located in the Santa Catalina Mountains north of Tucson, Arizona, and is the site of the previously operated Oracle Ridge Copper Mine. The necessary mineral rights have been secured by way of purchase and by the lease of 903 acres of adjacent property surface rights. In addition, the Company has acquired 353 acres of existing tailings and adjacent property that it proposes to use as its tailings facility upon re-start of mining operations.

Mineral Resource Expansion Drilling Program – Surface and Underground Drilling

The mineral resource drilling program was initiated in June 2012. The Company plans to drill 19,000 additional feet in its continuing surface and underground core drilling program and will use the assay results to increase confidence in the mineral resource. These results will be used to complete a new NI 43-101 compliant technical report on reserves and resources.

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

Drill Program Results

Boart Longyear Underground USA completed the first core hole of our underground drilling program, OUH-01, to a depth of 673 feet. The hole successfully intersected skarn mineralization and assays are pending. Altar Drilling Inc., a surface drilling contractor, has mobilized to site and began drilling in July. The surface holes will be targeting additional skarn mineralization.

Oracle Mining operates a rigorous QA/QC protocol on all aspects of sampling and analytical procedure. Drill core is checked, logged, marked for sampling and sawn in half. One-half of each drill core is maintained for future reference and one-half of each drill core is sent for analysis. Half-core samples are shipped to Skyline Assayer and Laboratories ("Skyline"), an accredited laboratory in Tucson, Arizona, which is contracted to complete all sample preparation and assaying. Samples are analyzed employing the appropriate methodology for analyses of copper, as well as fire assaying for silver and gold. For QA/QC purposes, Skyline runs a series of standard and blank samples and provides the results of these assays to us. Oracle Mining periodically submits the pulps of the samples assayed by Skyline to Chemex in Reno, Nevada for check analysis.

The Company continues to rehabilitate the former underground workings and has installed ventilation equipment and secured the underground mine in accordance with federal Mine Safety and Health Administration ("MSHA") standards. This is being completed in preparation to start underground drilling at the mine, which the Company commenced in June 2012.

Metallurgical Testing

Phase 2 metallurgical testing commenced in the first quarter of 2012 on seven additional drill holes completed in the second half of the 2011 drill program. The testing is to finalize the current design parameters established in Phase 1 and provide additional design information. During the third quarter, additional variability samples from the 2012 drilling program will test the proposed process flow sheet.

Process Plant and Infrastructure Design

The Process Plant Feasibility study is ongoing and is expected to be completed once the Phase 2 metallurgical testing is finished and those results are incorporated into the Feasibility Study due out in the fourth quarter.

Mine and Surface Activities

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

Power

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

Permitting and Regulatory Programs

The Pima County Stage II Air Quality Installation and Operating Permit was issued on July 3, 2012. The amended Aquifer Protection Permit (APP) is under technical review and a draft permit is expected to be issued for public comment in the second half of 2012.

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

Qualified Person

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

3. REVIEW OF FINANCIAL RESULTS

Summary of Quarterly Results

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

In thousands of US Dollars except for per share amounts	**June 30, 2012**	**Mar 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**	**Jun 30, 2011**	**Mar 31, 2011**	**Dec 31, 2010**	**Sep 30, 2010**
Interest income	47	39	26	18	26	12	23	16
Net (loss) income	(4,783)	(4,889)	(5,273)	(3,218)	(3,621)	(3,928)	(1,664)	1,674
Basic and diluted (loss) gain per share	(0.12)	(0.14)	(0.17)	(0.10)	(0.12)	(0.13)	(0.02)	0.13

Three months ended June 30, 2012 and 2011

For the three months ended June 30, 2012, the Company had a net loss of $4.8 million compared to a net loss of $3.6 million for the three months ended June 30, 2011. The increase in net loss compared to the prior period is primarily due to an increase of $0.3 million in exploration and evaluation expenditures, a $0.9 million increase in general and administrative and other costs during the second quarter of 2012.

The increase in exploration and evaluation expenditures resulted from an increase in design and technical costs of $0.2 million, an increase of $0.2 million in underground exploration and development, and an increase of $0.4 million in site and advisory costs, partially offset by a decrease in drilling costs of $0.5 million compared to the equivalent prior year period.

The increase in general and administrative costs is primarily due to an increase of $0.1 million in salaries and benefits, $0.1 million in professional and consulting fees, $0.2 million in investor relations costs, and $0.2 million in travel costs.

Six months ended June 30, 2012 and 2011

For the six months ended June 30, 2012, the Company had a net loss of $9.6 million compared to a net loss of $7.6 million for the comparative period in 2011. The increase in net loss compared to the prior period is primarily due to an increase of $0.9 million in exploration and evaluation expenditures as well as a $1.4 million increase in general and administrative and other expenses.

The increase in exploration and evaluation expenditures is due primarily to an increase of $0.2 million in design and technical studies, an increase of $0.3 million in site and safety services, $0.5 million in site and advisory costs and an increase of $0.4 million in underground exploration and development, partially offset by a $0.3 million decrease in permitting costs and a $0.3 million decrease in drilling costs.

The increase in general and administrative costs is primarily due to an increase of $0.1 million in salaries and benefits, $0.3 million in professional and consulting fees, $0.5 million in investor relation costs, and $0.2 million in travel costs.

As at June 30, 2012, total assets were $30.0 million compared to $30.8 million as at December 31, 2011. During 2012, the Company received gross proceeds of $9.8 million from a private placement that was offset by development activities at Oracle Ridge copper project.

As at June 30, 2012, total liabilities were $4.0 million compared to $4.7 million as at December 31, 2011. They primarily consist of liabilities assumed on the acquisition of the Oracle Ridge copper project, which includes promissory notes payable of $2.5 million. During the second quarter, the Company paid $500,000 in principal owing on one promissory note.

4. OUTLOOK

Major steps in the Company's development process include progress in the preparation of a NI 43-101 compliant report outlining reserves and resources, preparation of an economic design and feasibility study, obtaining regulatory permits and approvals for operation, rehabilitating the mine, constructing processing facilities and obtaining mining equipment. As well, the Company must secure such debt and/or equity financing as necessary to reach commercial production status subsequent to the receipt of all necessary permits and, in particular, a positive feasibility study.

The Company received its Class II Air Quality Installation and Operating Permit from Pima County on July 3, 2012 marking a significant milestone in advancing the project. The Air Permit is the first new mine Air Quality Operating Permit to be granted in Pima County in more than 11 years, and the only one issued under the current regulatory environment.

The Aquifer Protection Permit was transferred to the Company on July 26, 2011. This permit as transferred required amendment in light of design work being prepared by engineering consultants to the Company. An application to amend the existing APP has been submitted to the Arizona Department of Environmental Quality (“ADEQ”) and is currently being reviewed under the expedited review program. Pending review, the Company expects the amended permit to be issued in the second half of 2012.

The Company anticipates submitting applications for Rights-of-Way, Storm Water Discharge and 404 Wetlands permits in the third quarter of 2012.

During the quarter, SRK Consulting ("SRK"), lead author of the ongoing Feasibility Study, reviewed the results of the previously announced confirmatory drill program and validated the existing historic drill hole database comprised of 534 drill holes amounting to 163,000 feet of drilling. The Company engaged Boart Longyear for underground drilling and Titan Drilling and Altar Drilling on surface in support of the feasibility and mine design.

SRK and KD Engineering ("KD") of Tucson, AZ are working to deliver a Feasibility Study and feasibility-level engineering design for the Oracle Ridge Copper Mine project. SRK will author the Feasibility Study and KD will complete the feasibility-level engineering of the processing facility and minesite infrastructure as well as contribute to the Feasibility Study. The Company anticipates completion of the Feasibility Study in the fourth quarter of 2012.

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

5. RISKS AND UNCERTAINTIES

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

Continuing operations

At June 30, 2012, the Company had cash and cash equivalents of $6.9 million, working capital of $5.7 million, and long-term debt of $1.2 million. Future financial needs and the continuity of the entity as a going concern will be dependent on the Company's ability to raise sufficient capital and develop the Oracle Ridge Copper project into a profitable, operating mine.

During the six months ended June 30, 2012, the Company completed a private placement for 7,800,000 common shares at a subscription price of C$1.25 per share, raising gross proceeds of C$9.75 million. Corporate milestones for the next 12 months include receipt of additional operating permits, continued underground development, construction activities and purchasing major mining equipment. Significant additional funding will be required to achieve these objectives. Management has been actively communicating with various financial institutions and potential investors, including entering into a non-binding, indicative term sheet with Credit Suisse AG for a secured term loan of up to $70 million. While the Company has been successful in raising capital in the past, there is no assurance it will be able to do so in the future.

Industry and economic factors affecting the Company's performance

a) Exploration, development and operating risks

The Oracle Ridge property is subject to all the hazards and risks normally encountered in the exploration, development and production of copper and other base or precious metals, including, without limitation, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and metal recovery, periodic interruptions due to inclement or hazardous weather condition, seismic activity, rock bursts, pit-wall failures, cave-ins, encountering unanticipated ground or water conditions, flooding, fire, and other conditions involved in the drilling, removal of material, environmental hazards, discharge of pollutants or hazardous chemicals, industrial accidents, failure of processing and mining equipment, labour disputes, supply problems and delays and changes in the regulatory environment any of which could result in damage to, or destruction of, mineral properties, mines and other producing facilities, damage to life or property, personal injury or death, loss of key employees, environmental damage, delays in the Company's exploration and development activities, monetary losses and legal liabilities.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial ore bodies. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs.

b) Titles to property

Although the Company believes that it has taken reasonable measures to ensure proper title to its interests in its properties, including the Oracle Ridge Copper project, there is no guarantee that title to any such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects.

c) Permits and licenses

The Company's existing and future operations may require permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of the Company's properties.

d) Metal prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals such as copper. Metal prices are volatile and have historically fluctuated widely and are affected by numerous factors beyond the Company's control. These factors may affect the price of base and precious metals, and, therefore, the economic viability of any of the Company's future exploration projects cannot accurately be predicted. Depending on the price of copper, the Company could be forced to discontinue exploration or development activities and may lose its interest in, or may be forced to sell, the Oracle Ridge project. There is no assurance that, even as commercial quantities of copper and other base metals are produced, a profitable market will exist for them.

e) Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop mining properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

f) Environmental regulation

Environmental laws and regulations may affect the Company's operations. These laws and regulations set various standards regulating certain aspects of health and environmental quality. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties (whether or not known to the Company) or noncompliance with environmental laws or regulations. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive. There can be no assurance that future changes in environmental regulations will not adversely affect the Company's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on the Company's business.

g) No revenue or commercial production

As of the date hereof, the Company has not recorded any revenues, other than interest income and investment income. The Company has not commenced commercial production on any of its mineral resource properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in the future as consultants, personnel and equipment costs associated with advancing exploration, development and commercial production of its properties increase. There can be no assurance that the Company will generate any revenues or achieve profitability.

h) Government regulation

The Company's operations and exploration and development activities are subject to extensive federal, state, provincial, territorial and local laws and regulations governing various matters, including: environmental protection; management and use of toxic substances and explosives; management of tailings and other wastes generated by operations; management of natural resources; exploration and development of mines, production and post-closure reclamation; exports; price controls; taxation and mining royalties; regulations concerning business dealings with aboriginal groups; labour standards and occupational health and safety, including mine safety; and historic and cultural preservation.

i) Uninsured hazards

In the course of exploration, development and production of the Company's properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Such occurrences could result in damage to mineral properties or facilities thereon, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the Company's securities.

j) Future financing

The advancement, exploration and development of the Oracle Ridge property (or any other property that the Company may acquire, explore and/or develop), and the construction of mining facilities and commencement of mining operations, if any, will require substantial additional financing in the future. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Further, sales of a significant number of the Company's common shares could materially and adversely affect the market price of the common shares and impair the Company's ability to raise capital through the sale of additional equity securities.

k) Dependence on key management personnel, employees and consultants

The Company's success is and/or will be dependent on a relatively small number of key management personnel, employees and consultants. The Company faces intense competition for qualified personnel, and there can be no assurance that it will be able to attract and retain such personnel. If it is unable to attract or retain qualified personnel as required, the Company may not be able to adequately manage and implement its business plan.

l) Conflicts of interest

The Company is dependent on certain directors and officers who are, and may in the future be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are or may be the Company's potential competitors. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the Company's interests. Each director and officer is required to declare and, in the case of directors, to refrain from voting on, any matter in which such director or officer may have a conflict of interest.

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.

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

	As at				
In thousands of US$	**June 30, 2012**	**Mar 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**	**June 30, 2011**
Cash and cash equivalents	$ 6,959	$ 12,492	$ 7,942	$ 13,146	$ 17,816
Working capital	5,738	10,553	6,000	11,876	16,482

Cash and cash equivalents as at June 30, 2012 were $6.9 million compared to $7.9 million as at December 31, 2011. Working capital was $5.7 million as at June 30, 2012, compared to working capital of $6.0 million as at December 31, 2011. During the six months ended June 30, 2012, the Company completed a private placement for 7,800,000 common shares of the Company at a subscription price of C$1.25 per share raising gross proceeds of C$9.75 million. This private placement was used to fund development activities at the Oracle Ridge copper project.

In order for the Company to achieve its major objectives for the next 12 months, including receipt of additional operating permits, continued underground development, construction activities and purchasing major mining equipment, significant additional funding will be required. While the Company has been successful in raising capital in the past, there is no assurance it will be able to do so in the future.

Financing activities

During the six months ended June 30, 2012, the Company completed a private placement for 7,800,000 common shares of the Company at a subscription price of C$1.25 per share raising gross proceeds of C$9.75 million.

During the six months ended June 30, 2011, the Company paid $0.5 million of principal owing under the promissory notes. The Company also received gross proceeds of C$0.3 million upon exercise of options and warrants during the year.

Investing activities

During the six months ended June 30, 2012, the Company invested approximately $0.3 million in plant and equipment compared to $0.4 million in the comparative period in 2011.

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

Contingencies, commitments and liabilities

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

In thousands of US$		Total		Less than 1 year	1 - 5 years	After 5 years
Accounts payable and accrued liabilities	$	1,029	$	1,029	-	-
Notes payable		2,449		1,303	1,146	-
Reclamation Provision		328		-	-	328
Other long term liability		294		-	294	-
Other lease commitments		420		209	96	115
Total	**$**	**4,520**	**$**	**2,541**	**$ 1,536**	**$ 443**

Promissory Notes Payable

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

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

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

Oracle Ridge

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

Off-Balance Sheet Arrangements

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

Proposed Transactions

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

In management's opinion, the Company's exposure to interest rate and credit risk arising from these financial instruments is minimal. The Company is exposed to foreign currency risk through its cash and cash equivalents, other receivables, promissory note receivable, and accounts payable denominated in Canadian dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. At June 30, 2012, with other variables unchanged, a 10% change in the US dollar/Canadian dollar exchange rate would impact pre-tax earnings by $0.5 million and $1.0 million for the three months and six months ended June 30, 2012.

Transactions with Related Parties

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

Capitalization

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

	Shares and Potential Shares
Common shares outstanding	39,234,070
Stock options (average exercise price $1.51)	3,763,334
Total common shares and potential common shares	42,997,404

7. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

8. CRITICAL JUDGEMENTS AND ESTIMATES

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

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

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

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

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

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

9. FORWARD-LOOKING INFORMATION

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. Forward-looking statements relate to future events or future performance and reflect management of the Company's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the receipt of permits to develop and operate the project, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources;

possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.