Management's Discussion and Analysis

For the three months ended March 31, 2013 and 2012

ORACLE MINING CORP.

May 13, 2013

Contents

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 May 13, 2013 and complements and supplements the Company's unaudited condensed consolidated interim financial statements and associated notes for the three months ended March 31, 2013 and 2012 (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. The Company's consolidated financial statements for the three months ended March 31, 2013 and 2012, have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

Additional information about the Company, including the Company's annual information form dated April 1, 2013, is available on the Company's profile on SEDAR at www.sedar.com and on the Company's website at 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 Mineral Resource estimates for the Oracle Ridge Project; the estimates of cut-off grade and the factors underlying including projected copper prices and estimated total operating costs; expected level of selectivity within underground stopes; plans and expectations for the Oracle Ridge Project including plans relating to completion of a further drilling program and further exploration and development of the Oracle Ridge Project; the timing or completion of any work on the Oracle Ridge Project, including timing of commencement and completion of proposed work programs; the goal to expand the Mineral Resource estimate and upgrade Mineral Resources, if possible, to a higher Mineral Resource category; our belief that we have created a growth-orientated metals corporation; the potential for us to implement our growth strategy goals; our plans to incorporate our drilling *program results as source data for our Project Development Studies (defined below); the further evaluation of tailings design and incorporation therein of Best Available Demonstrated Controls and Technology; our plans for advancing permitting and regulatory requirements related to any such plans; our plans to work towards commencing and completing a feasibility study; our Outlook in section 3 of this MD&A, including our ability to complete the specific objectives set forth therein; the potential for us to enter into a loan agreement with Credit Suisse AG on the terms contemplated or at all; our need to obtain funding; and our belief that we will be successful in the outcome of our lawsuit alleging breach of contract. 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: assumptions regarding copper, base metal and precious metal prices; accuracy of Mineral Resource estimates 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; success of future drilling programs; reliability of drilling, sampling and assay data, including the historical drill database; representativeness of mineralization; accuracy of metallurgical testwork; sufficiency of surface and water rights; 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 relating to estimates of Mineral Resources and cut-off grade and factors underlying, proving to be inaccurate; dependence on the Oracle Ridge Project; risk that we are unable to enforce 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; risks related to the uncertainty of timing of events including delays in obtaining governmental approvals or financing or in the completion of Project Development Studies; risks related to the actual results of exploration and development activities being different than expected; dilution to shareholders from any equity financings; the availability of capital on acceptable terms, or at all; availability of materials and equipment; increased indebtedness and events of default thereunder; competition for properties, capital, skilled personnel and resources; uninsured risks; defects in title; influence of significant shareholders, 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 April 1, 2013, for the year ended December 31, 2012, filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from 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 our common shares are listed on the Toronto Stock Exchange under the trading symbol OMN. The Company is involved in the acquisition, exploration, development and advancement of mineral resource projects.

In the third quarter of 2010, we acquired our principal property, the Oracle Ridge copper project ("**Oracle Ridge Project**" or the "**Project**") located northeast of Tucson, Arizona, U.S.A. Our primary focus is to return the Oracle Ridge Project back into production. Before we acquired the Oracle Ridge Project, it was a producing underground copper mine from 1991 through 1996, with approximately 17 kilometers of mine workings. References herein to the "**Oracle Ridge Mine**" or the "**Mine**" are historical references to the former producing copper mine.

The Company has made significant steps in the Project's development process, including publication of a Project technical report in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") titled "Review of the Oracle Ridge Project" dated April 1, 2013 with an effective date of March 18, 2013 (see "Geological, Mining and Engineering Studies").

We plan to resume drilling on our Oracle Ridge Project in mid 2013 with the goal of expanding and upgrading, if possible, the Mineral Resources. If the current Mineral Resource estimate is expanded and upgraded, we intend to work towards completing a feasibility study ("**Feasibility Study**") in accordance with NI 43-101 on our Oracle Ridge Project. To the extent possible, we plan to incorporate the Project Development Studies (defined below) into such Feasibility Study.

We are also working towards advancing and obtaining regulatory permits and approvals necessary to allow for a re-start of the Mine should a future Feasibility Study have a positive result and a production decision be made.

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

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

2. ORACLE RIDGE PROJECT ACTIVITIES

We believe that our acquisition of the Oracle Ridge Project has created a growth-oriented metals corporation and our goal to return the Oracle Ridge Project into production is an important step in our growth strategy to expand our Company.

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 Oracle Ridge 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 ("**ORM**"). 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.

In November 2012, the Company entered into an investment agreement with MF2 Investment Company 1LP (“**MF2**”) which includes, among other matters, an offtake agreement wherein MF2 agrees to purchase and Oracle Mining agrees to sell, 100% of the future annual copper concentrate production from the Oracle Ridge Project, if any, for the life of the mine. The price payable for the material is to be based on prices set by the London Metal Exchange as published by the London Metal Bulletin. In addition, MF2 has also purchased a 3% net smelter returns royalty on the future sale of any metals and minerals derived from the Project, for a gross purchase price of $10.0 million.

Surface and Underground Drilling

No drilling took place during the first quarter of 2013.

Geological, Mining and Engineering Studies

In May 2012, we retained SRK Consulting US Inc. ("**SRK**") to undertake certain geological, mining and engineering studies (the "**Project Development Studies**") and KD Engineering to complete engineering for the processing facility and Mine site infrastructure, as well as contribute to the Project Development Studies. These arrangements superseded and replaced the engagement we previously had with Lyntek Inc. The assay results gathered from our drill programs will be used as source data for the Project Development Studies. If our current Mineral Resource estimate for the Project described below is expanded and upgraded, we intend to work towards completing a Feasibility Study in accordance with NI 43-101. To the extent possible, we plan to incorporate the Project Development Studies into such Feasibility Study.

On March 18, 2013, we announced completion of an initial Mineral Resource estimate in accordance with NI 43-101 for the Project. Subsequently, on April 1, 2013, we filed a technical report entitled “Review of the Oracle Ridge Project” authored by Glenn R. Clark P.Eng. of Glenn R. Clark & Associates Limited and Tracy Barnes P.E. of Barnes Engineering Services Inc. dated April 1, 2013 with an effective date of March 18, 2013 in support of such disclosure (the "**Technical Report**").

The table below summarizes the estimated Indicated Mineral Resources at various cut-off grades for comparison purposes, with 1.0% copper used as the base case cut-off grade. Indicated Mineral Resources at the 1.0% copper base case cut-off grade are estimated to be 9.9 million short tons at 1.64% copper. All tonnages are in imperial (short) tons.

Oracle Ridge Project Indicated Mineral Resource Estimate (Diluted)

Cut-off %Cu	Tons Millions	Grade %Cu	Ag oz/t	Au oz/t	%Cu Equivalent	Contained Cu Millions (lb)	Contained Ag Millions (oz)	Contained Au Thousands (oz)
0.75	13.5	1.43	0.38	0.004	1.74	386	5.1	59
1.00	**9.9**	**1.64**	**0.43**	**0.005**	**1.98**	**323**	**4.2**	**48**
1.25	7.0	1.85	0.47	0.005	2.23	258	3.3	37
1.50	4.7	2.08	0.52	0.006	2.49	197	2.5	27
1.75	3.1	2.33	0.57	0.006	2.77	143	1.8	18
2.00	2.0	2.59	0.63	0.006	3.06	102	1.2	12

- The effective date of the Mineral Resource estimate is March 18, 2013.
- 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% copper 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 25 x 25 x 5 feet has been used as a dilution allowance for potential extraction methods.
- 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 silver or gold grade estimates were assumed to be zero.
- Copper equivalency has been estimated using metal pricing of $2.80 per pound of copper, $28 per ounce of silver and $1,487 per ounce of gold. Metal prices were averaged over the 3 year period of 2010 through 2012. No metallurgical recovery has been assumed and is estimated on a contained metal basis. The formula used is as follows: CuEQ = Cu% + (Ag oz/t x tons at cut-off x $28 / $2.80 x 2000 x tons at cut-off) x 100 + (Au oz/t x tons at cut-off x $1,487/ $2.80 x 2000 x tons at cut-off) x 100.

The table below summarizes the estimated Inferred Mineral Resources at various cut-off grades for comparison purposes, with 1.0% copper used as the base case cut-off grade. Inferred Mineral Resources at the 1.0% copper base case cut-off are estimated to be 6.9 million tons at 1.58% copper.

Oracle Ridge Project Inferred Mineral Resource Estimate (Diluted)

Cut-off %Cu	Tons Millions	Grade %Cu	Ag oz/t	Au oz/t	%Cu Equivalent	Contained Cu Millions (lb)	Contained Ag Millions (oz)	Contained Au Thousands (oz)
0.75	10.7	1.33	0.35	0.003	1.58	283	3.7	32
1.00	**6.9**	**1.58**	**0.41**	**0.003**	**1.87**	**217**	**2.8**	**22**
1.25	4.4	1.85	0.47	0.003	2.17	161	2.0	15
1.50	2.7	2.14	0.53	0.003	2.50	116	1.4	9
1.75	1.7	2.45	0.60	0.004	2.85	84	1.0	6
2.00	1.2	2.73	0.68	0.004	3.18	63	0.8	5

- The effective date of the Mineral Resource estimate is March 18, 2013.
- 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% copper 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 total estimated site operating costs of $45 per ton.
- A selective mining unit of 25 x 25 x 5 feet has been used as a dilution allowance for potential extraction methods.
- 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 silver or gold grade estimates were assumed to be zero.
- Inferred Mineral Resources have a great amount of uncertainty as to their existence and as to whether they can be mined economically. It cannot be assumed that all or any part of the Inferred Mineral Resources will ever be upgraded to a higher category.
- Copper equivalency has been estimated using metal pricing of $2.80 per pound of copper, $28 per ounce of silver and $1,487 per ounce of gold. Metal prices were averaged over the 3 year period of 2010 through 2012. No metallurgical recovery has been assumed and is estimated on a contained metal basis. The formula used is as follows: CuEQ = Cu% + (Ag oz/t x tons at cut-off x $28/ $2.80 x 2000 x tons at cut-off) x 100 + (Au oz/t x tons at cut-off x $1,487 / $2.80 x 2000 x tons at cut-off) x 100.

The Mineral Resource model was developed using a total of 588 drill holes, including 83 holes (62 from surface and 21 from underground) drilled on behalf of ORM during the 2011 and 2012 drilling campaigns and 505 historical drill holes.

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 estimates are made using ordinary kriging constrained within individually identified geological beds using sample data composited to 5-foot intervals into model blocks measuring 25 feet by 25 feet along strike and down dip and 5 feet perpendicular to the structure. A comprehensive geological model that encompasses all known mineralization was constructed. Within the framework of the comprehensive model, individual skarn beds and the presence of intrusive sills were estimated incorporating LVA (locally varying anisotropy) kriging techniques. Mineralization within each of the individually identified skarn beds was estimated independently using only the assay data identified as being within that skarn bed. The resulting tons and grade represent an estimate of what would be expected to be extracted at the time of mining (i.e. fully diluted). Statistical checks were made to ensure that the level of dilution incorporated into the model was consistent with what would be expected with mining selectivity of 25 x 25 x 5 feet. That is the expected level of selectivity within the underground stopes would be ± 5 feet on the hanging wall and ± 5 feet on the footwall. It is assumed that any additional dilution will be unnecessary when evaluating minable stopes. Mineral Resources have been classified using estimation variance and are reported according to the CIM definition standards for Mineral Resources and Mineral Reserves. In calculating the resource, 30% of the assayed intervals have been subjected to the discussed QA/QC and the remaining 70%, which is historical data, has not been directly verified due to the lack of supporting technical information.

Power

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

Permitting and Regulatory Programs

We have made significant progress in advancing the permitting that would be necessary to re-start production at Oracle Ridge, should a production decision be made.

A preliminary draft Environmental Assessment ("**EA**") was submitted to the U.S. Forest Service ("**USFS**") during the fourth quarter of 2012 in support of the Application for Transportation and Utility Systems and Facilities on Federal Lands (SF-299) permit. This permit is necessary to allow us the use of a portion of Forest Service lands. The draft EA continues to be under review by the USFS.

The project Preliminary Jurisdictional Delineation ("**PJD**") was approved by the US Army Corp. of Engineers ("**USACE**") on February 6, 2013. An approved PJD is a step toward securing a Clean Water Act Section 404 permit. If the Project moves toward a construction decision, final construction drawings will be compared to the PJD by USACE to determine the amount of disturbance and the permitting path forward.

The Aquifer Protection Permit ("**APP**") amendment was granted on March 4, 2013 and incorporates the proposed new tailings design for the site that is being evaluated. The new design incorporates Best Available Demonstrated Controls and Technology, including a fully lined dry stack tailings impoundment designed to zero discharge standards, a storm water diversion system and monitoring wells.

A financial assurance in the amount of $2,077,000 was posted in the first quarter of 2013 by ORM with the Arizona Department of Environmental Quality ("**ADEQ**") as a requirement to receive the amended APP. Financial assurance was provided through the issuance of a surety bond by a third-party insurer requiring a collateral deposit of 40% of the overall value of the financial assurance.

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

Qualified Person

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

In thousands of US Dollars	**Mar 31, 2013**	**Dec 31, 2012**	**Sept 30, 2012**	**Jun 30, 2012**	**Mar 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**	**Jun 30, 2011**
Interest income	15	14	21	47	39	26	18	26
Net loss	(3,800)	(6,581)	(5,412)	(4,783)	(4,889)	(5,273)	(3,218)	(3,621)
Basic and diluted loss per share	(0.08)	(0.17)	(0.14)	(0.12)	(0.12)	(0.16)	(0.10)	(0.12)

For the three months ended March 31, 2013, the Company had a net loss of $3.8 million compared to a net loss of $4.9 million for the three months ended March 31, 2012. The decrease in net loss compared to the prior period is primarily due to a decrease of $0.9 million in general and administrative costs, as well as a $0.1 million decrease in exploration and evaluation expenditures during the first quarter of 2013.

The decrease in exploration and evaluation expenditures resulted from a decrease of $0.8 million in drilling and a $0.2 million decrease in site and safety services, partially offset by an increase in design and technical study costs of $0.2 million, an increase of $0.3 million in permitting, and an increase of $0.4 million in administrative and advisory costs.

The decrease in general and administrative costs is primarily due to a decrease of $0.1 million in salaries and benefits, $0.2 million in share-based payments, and $0.3 million in investor relation costs, and $0.1 million in filing costs.

4. OUTLOOK

We are working towards advancing the following objectives:

- resumption of drilling in mid 2013 with the goal of expanding and upgrading the Mineral Resources;

- if the current Mineral Resource estimate is expanded and upgraded, commencing a Feasibility Study for the Oracle Ridge Project; and
- completing regulatory permitting and approvals necessary to allow for a re-start of the Mine should a future Feasibility Study have a positive result and a production decision be made.

To the extent possible, we intend to incorporate the Project Development Studies currently underway into a future Feasibility Study. There is no assurance a Feasibility Study will be completed or, if completed, that the outcome will be positive.

We have not made any production decision with respect to Oracle Ridge. A decision to proceed with production will be based upon the results of 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 2012 annual information form dated April 1, 2013, available on the Company's profile on SEDAR at www.sedar.com.

Continuing operations

As at March 31, 2013, the Company had cash and cash equivalents of $5.4 million, working capital of $4.2 million, and no long-term debt. 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 in the near term to fund ongoing operations and satisfy the Company's liabilities and commitments as they come due.

Significant additional funding will be required to achieve our objectives for the next 12 months as discussed above. The Company's continuing operations, as intended, are dependent on management's ability to raise funding through future equity issuances, debt financing, assets sales or a combination thereof. The ability to raise additional funding for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets or depressed commodity prices. This is discussed in more detail below.

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. Management has been actively communicating with various financial institutions and potential investors, including signing a non-binding, indicative term sheet for project financing with Credit Suisse AG for a secured term loan of up to $70 million in order to advance the restart of the Oracle Ridge Project.

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 the Oracle Ridge Project.

The Oracle Ridge Project does not have identified mineral reserves in accordance with NI 43-101, which will be required as a basis for determining if the Oracle Ridge Project has bodies of commercial mineralization. There may be significant costs, timing issues and complexities associated with advancing the Oracle Ridge Project and the results may not be satisfactory or result in identified mineral reserves. As a result, unless we acquire additional property interests which can generate cash flow, any adverse developments affecting the Oracle Ridge Project could have a material adverse effect upon 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. 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.

The long-term profitability of our operations will in part be directly related to the costs and success of our exploration programs, which may be affected by a number of factors. 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.

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

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

c) 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 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.

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

The Oracle Ridge Project 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.

e) 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.

f) 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.

g) Future financing

Completion of future programs may 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.

h) 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.

i) 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.

j) 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.

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) 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.

m) 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.

n) Influence of Significant Shareholders

The Company has two significant shareholders (each a "**Significant Shareholder**") of which we are aware, which control approximately 19.99% and 15.9%, respectively, of our outstanding common shares. These Significant Shareholders also have certain rights to participate in future equity offerings by the Company. Accordingly, Significant Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions. The concentration of ownership of the common shares by Significant Shareholders may: (i) delay or deter a change of control of the Company; (ii) deprive shareholders of an opportunity to receive a premium for their common shares as part of a sale of the Company; and (iii) affect the market price and liquidity of our common shares. Additionally, Significant Shareholders will have significant influence in determining the members of the board of directors. Without the consent of Significant Shareholders, we could be prevented from entering into transactions that are otherwise beneficial to us. The interests of Significant Shareholders may differ from or be adverse to the interests of our other shareholders. The effect of a Significant Shareholder's rights and influence may impact the price that investors are willing to pay for our securities. If a Significant Shareholder sells a substantial number of our common shares in the public market, the market price of our common shares could fall. The perception among the public that these sales will occur could also contribute to a decline in the market price of our common shares.

o) Litigation

We are subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. In December 2012, the Company received notification of a lawsuit against the Company for an alleged breach of contract. 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 or our mining and project development operations.

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.

q) 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.

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 dollars	**Mar 31, 2013**	**Dec 31, 2012**	**Sept 30, 2012**	**June 30, 2012**	**Mar 31, 2012**
Cash and cash equivalents	5,428	11,051	2,539	6,959	12,492
Working capital	4,231	8,849	659	5,738	10,553

Cash and cash equivalents as at March 31, 2013 were $5.4 million compared to $11.1 million as at December 31, 2012. Working capital was $4.2 million as at March 31, 2013, compared to working capital of $8.8 million as at December 31, 2012. The decrease in both cash on hand and working capital was primarily due to funding of the development activities at the Oracle Ridge Project and general and administrative costs.

Significant additional funding will be required to achieve our objectives as described herein. Management is currently reviewing several funding options including equity and debt financing. 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

During the quarter ended March 31, 2013, the Company did not have any financing activities.

During the quarter ended March 31, 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.

Description of Financing	**Disclosed Use of Proceeds**	**Actual Use of Proceeds**
February 2012 private placement: $9.1 million net proceeds	Expenditures related to Oracle Ridge and general corporate purposes	Expenditures related to Oracle Ridge and general corporate purposes

Investing activities

During the quarter ended March 31, 2013, the Company invested less than $0.1 million in plant and equipment compared to $0.3 million in the comparative period in 2012. The majority of expenditures related to purchase of plant and equipment at the Oracle Ridge Project.

During the quarter ended March 31, 2013, the amended APP was granted to the Company by the ADEQ and the Company posted financial assurance in the amount of $2,077,000 as a requirement to receive the amended APP. Financial assurance was provided through the issuance of a surety bond by a third-party insurer requiring a collateral deposit of 40% of the overall value of the financial assurance.

Contingencies, commitments and liabilities

As at March 31, 2013 the anticipated cash payments required to satisfy the Company's commitments and liabilities are as follows:

In thousands of US Dollars	**Total**	**Less than 1 year**	**1 - 5 years**	**After 5 years**
Trade and other payables	1,157	1,157	-	-
Note payable	706	706	-	-
Reclamation Provision	387	-	-	387
Other liabilities	305	-	305	-
Lease commitments	1,820	242	1,463	115
Total	**4,375**	**2,105**	**1,768**	**502**

The Company will require further financing in the near term to satisfy its liabilities and commitments If additional financing is not obtained in the near term, the Company will have to consider significant cost cutting measures.

Off-Balance Sheet Arrangements

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

Potential 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, marketable securities, other receivables, reclamation bond, trade and other payables, taxes payable, promissory note payable, 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, 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: Fair value through profit or loss
- Marketable securities: Fair value through profit or loss
- Other receivables: Loans and receivables
- Reclamation bond: Loans and receivables
- Trade and other payables: Other liabilities
- Taxes payable: Other liabilities
- Promissory note payable: Other liabilities
- 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, accounts payable and promissory note payable denominated in Canadian dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. At March 31, 2013, with other variables unchanged, a 10% change in the US dollar/Canadian dollar exchange rate would impact pre-tax loss by $0.3 million for the three months ended March 31, 2013.

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.

The Company currently holds marketable securities that will fluctuate in value as a result of trading on global financial markets.

Transactions with Related Parties

During the three months ended March 31, 2013, the Company paid $0.1 million (2012- $0.1 million) in advisory fees to directors of the Company.

These transactions were incurred in the normal course of business and are measured at the fair value of the services provided.

Capitalization

As at May 13, 2013 the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	49,034,070
Warrants (exercise price C$1.02)	4,900,000
Stock options (average exercise price C$1.14)	4,173,667
Total common shares and potential common shares	58,107,737

7. DISCLOSURE CONTROLS AND INTERNAL CONTROLS 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.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as at March 31, 2013. Based on this evaluation, they concluded that our disclosure controls and procedures were effective as at March 31, 2013 in providing reasonable assurance that the information required to be disclosed in reports we filed or submitted under Canadian securities legislation was recorded, processed, summarized and reported within the time periods specified in those rules.

Internal control over financial reporting

The Company's management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, and used the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to evaluate the effectiveness of our controls for the quarter ended March 31, 2013.

Based on this evaluation, management concluded that our internal control over financial reporting was effective as at March 31, 2013 and provided a reasonable assurance of the reliability of our financial reporting and preparation of the financial statements.

However, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, do not expect that the Company's internal control over financial reporting will be capable of preventing all errors and fraud. Any system no matter how well conceived or operated has inherent limitations. Therefore, even systems determined to be effective can provide only reasonable, not absolute, assurance of the reliability of financial statement preparation and presentation.

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 the fair value of warrants;
- The allocation of funds received from MF2 Investment Company 1LP
- 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 December 31, 2012 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

The following standards became effective January 1, 2013. The adoption of these standards did not have a significant impact on the Company's condensed consolidated interim financial statements.

- *IFRS 10, Consolidated Financial Statements*: IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements*, and *SIC-12, Consolidation – Special Purpose Entities*.

- IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities-Non – Monetary Contributions by Venturers.

- IFRS 12, Disclosure of Interests in Other Entities: IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

- IFRS 13, Fair Value Measurements: IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

- IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately.

- IAS 27, Separate Financial Statements: IAS 27 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

- IAS 28, Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures.

- IFRIC 20 – Stripping Costs in the Production Phase of a Mine: In October 2011, the IASB issued IFRIC 20 which clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods.

- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). On December 16, 2011 the IASB published new disclosure requirements jointly with the FAS that enables users of financial statements to better compare financial statements prepared in accordance with IFRS and US GAAP.

The following standards will become effective in 2014 and 2015 as noted below:

- IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). On December 16, 2011 the IASB published amendments to IAS 32 Financial Instruments: Presentation to clarify the application of the offsetting requirements. The amendments are effective January 1, 2014, with earlier application permitted.

- IFRS 9, Financial Instruments: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities as at FVTPL. The amendments are effective January 1, 2015, with earlier application permitted.