

# Oracle Mining Signs Indicative Term Sheet for Minimum US\$6.5 Million and Maximum US\$7.5 Million Secured Convertible Loan and up to CAD\$20 Million Future Project Financing

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## Existing Lender Rich Stone Extends Maturity Date

VANCOUVER, BC -- (Marketwired - December 08, 2014) - [Oracle Mining Corp.](#) ("Oracle Mining" or the "Corporation") (TSX: OMN) (FRANKFURT: OMC) is pleased to announce it has signed a non-binding indicative term sheet (the "Term Sheet") for a secured convertible loan facility for an aggregate minimum principal amount of US\$6.5 million and maximum principal amount of US\$7.5 million (the "Loan") and a warrant for up to CAD\$20 million (the "Warrant") with Vincere Resource Holdings LLC ("Vincere"). Vincere is a private entity, specializing in investing in late-stage mining projects that can be taken into production within 18 months.

All references to "\$" in this news release are U.S. dollars unless otherwise indicated.

## Secured Convertible Loan

The proposed Loan would be advanced on or about December 16, 2014 (the "Closing Date"), conditional on the satisfaction of usual and customary conditions precedent including, but not limited to, completion of due diligence satisfactory to Vincere in its sole discretion, signing and delivering definitive transaction documents, and obtaining all applicable consents and approvals, including the approval of the Toronto Stock Exchange (the "TSX"). As a condition to acceptance, the TSX is requiring shareholder approval (see below for further details).

The Loan will mature twelve (12) months after the Closing Date (the "Maturity Date"). An annual interest rate of 13.00% shall apply to the principal amount for the period from the Closing Date to the Maturity Date and shall be paid in advance to Vincere on the Closing Date. No further interest shall be incurred except in the event of default at 5.00% per annum of the principal amount outstanding prior to the Maturity Date and 18.00% per annum thereafter.

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

Vincere will be entitled to payment of a closing fee of US\$75,000, payable on the Closing Date and other reasonable expenses incurred in relation to executing the contemplated financing will be reimbursed to Vincere.

## Future Project Financing

A subsidiary of the Corporation ("Subco") will issue to Vincere a warrant to acquire up to 66.7% of the issued and outstanding equity interests of Subco for up to CAD\$20,000,000 (the "Warrant"), an investment of less than CAD\$20,000,000 will result in a pro-rata decrease in ownership in the issued and outstanding equity interests of Subco. However, until shareholder approval is obtained at a Special Meeting of Shareholders, only up to CAD\$5,000,000, of the Warrant will be initially exercisable (the "Partial Warrant") for up to 49% of the issued and outstanding equity interests of Subco, an investment of less than CAD\$5,000,000 will result

in a pro-rata decrease in ownership in the issued and outstanding equity interests of Subco. Additionally, until shareholder approval is obtained for the Warrant, the Partial Warrant and the Conversion Feature as described above may not, in aggregate, through direct ownership in Subco or through Vincere's minority interest in Oracle Mining, exceed 49% of the total issued and outstanding equity interests of Subco. For additional clarity, once shareholder approval is obtained for the Warrant, the Partial Warrant will expire and no longer be exercisable. The Partial Warrant and the Warrant may be exercised in whole or in part, and in one or more closings and will expire on the later of six months after the Maturity Date and when the Loan has been repaid in full. The Corporation will convene a Special Meeting of the Shareholders as soon as reasonably practicable following the Closing Date to approve the Warrant.

Oracle Mining intends to use the net proceeds from the Loan towards funding the completion of the technical work necessary to prepare the Oracle Ridge copper project, located 24 km northeast of Tucson, AZ, (the "Oracle Ridge Project") for construction including permitting, for partial elimination of indebtedness with Rich Stone Mining Investment (Hong Kong) Limited ("Rich Stone") and for working capital and general corporate purposes. The budget will be agreed upon by the Corporation and Vincere. Oracle Mining intends to use the net proceeds from the exercise of the Warrant or Partial Warrant to fund further development of the project and potentially construction, should a production decision be made at such time.

### **Current Debt Obligations**

In addition to signing the indicative term sheet with Vincere, the Corporation has also signed a loan extension agreement with its existing lender, Rich Stone Mining Investment (Hong Kong) Limited. The CAD\$10,180,000 (the "Rich Stone Debt") secured convertible loan dated November 12, 2013 had a Maturity Date of November 12, 2014 and has been extended by agreement to an Extended Maturity Date of December 15, 2014 for no penalty. For greater certainty, no interest shall accrue or be payable during the extension period.

Upon closing of the Loan with Vincere, the Rich Stone Debt will be managed by converting, CAD\$4,000,000 into 13,333,333 Common Shares at a conversion price of CAD\$0.30 per Common Share and CAD\$1,000,000 into 2,702,702 Common Shares at a conversion price of CAD\$0.37 per Common Share (collectively, the "Rich Stone Conversion Shares"), repaying CAD\$1,000,000 to Rich Stone and Rich Stone forgiving CAD\$120,000 of the Rich Stone Debt. The balance of CAD\$4,060,000 principal amount will be extended on an interest free basis with no change to the conversion rights (the "Rich Stone Facility") until the earlier of eighteen (18) months after the Closing Date (which period shall be extended for each month of extension of the Maturity Date of the Loan transaction) or the time at which the Corporation or a subsidiary obtains project and/or construction financing of at least USD\$10,000,000 together with commitments sufficient to fund the Oracle Ridge Project into commercial operations, at which time CAD\$3,060,000 of the Rich Stone Facility will be converted automatically into up to 30,600,000 Common Shares at the greater of:

- i. CAD\$0.10 per Common Share; or
- ii. the market price of the Common Shares (as determined in accordance with the rules of the TSX) on the date of conversion provided, however the number of Common Shares issuable upon such automatic conversion will in no event exceed 49% of the issued and outstanding Common Shares at that time.

The remaining CAD\$1,000,000 of the Rich Stone Facility will remain outstanding and will not be payable until all obligations and liabilities owing pursuant to the Loan transaction are repaid in full and CAD\$1,000,000 (which is an unsecured obligation) will be paid to Rich Stone in cash as an extension payment.

Pursuant to the provisions of the Rich Stone Debt a total of 46,636,036 common shares (the "Rich Stone Shares"), representing approximately 95% of the common shares of the Corporation, will be issuable.

### **Management and Board changes**

Pursuant to the Loan transaction, Vincere will have the right to appoint one member of the Corporation's board of directors immediately after Closing of the Loan. In addition, upon exercise of the Partial Warrant, Vincere will have the right to nominate additional individuals to serve as members of Subco's board of directors.

Since acquiring the Oracle Ridge Project in September 2010, Oracle Mining has completed surface and underground drill programs, undertaken metallurgical, engineering and environmental studies, and secured a number of key permits that will be necessary to enable the Oracle Ridge Project to advance.

This news release does not constitute an offer to sell or solicitation of an offer to sell any securities in the

United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

### **TSX Approval**

Pursuant to the provisions of the Rich Stone Debt and the Loan together a total of 78,346,049 common shares, representing approximately 160% of the currently outstanding common shares of the Corporation, will be issuable. Further, if the Rich Stone Shares are issued (regardless of whether the Vincere Shares are issued), Rich Stone will beneficially own greater than 20% of the then outstanding common shares which, pursuant to the TSX rules, represents a material effect on control of the Company.

As the common shares being made issuable is greater than 25% of the currently outstanding common shares of the Corporation and their issuance will have a material affect on control of the Corporation, TSX is requiring the Corporation to seek shareholder approval. Pursuant to section 604 (a) of the TSX Company Manual, the Corporation is planning to seek such shareholder approval by way of written consent resolution.

There are no common shares issuable to non-arm's length parties of the Corporation.

### **About Oracle Mining Corp.**

Oracle Mining Corp. (TSX: OMN) (FRANKFURT: OMC) is a Vancouver, Canada-based corporation that is the sole owner and operator of Oracle Ridge Mining LLC and the Oracle Ridge copper project located 24 km northeast of Tucson, Arizona. Oracle Mining is managed by an experienced team of mining professionals with extensive operating and financial experience.

### **Cautionary Note Regarding Forward-Looking Information**

*Information and statements contained in this news release that are not historical facts are "forward-looking information" within the meaning of Canadian securities legislation that involves risks and uncertainties. Forward-looking information included herein is made as of the date of this news release 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 reflects management of the Corporation's expectations or beliefs regarding future events. In certain cases, forward-looking information can be identified by the use of words such as "plans", 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 news release include, but are not limited to, statements with respect to: finalizing the secured convertible loan, Warrant and refinancing the Rich Stone Debt; our ability to satisfy regulatory and legal requirements; the expected closing dates of the Loan transaction; the anticipated use of proceeds, our plans to work towards commencing and completing the Feasibility Study; our Mineral Resource estimate for the Oracle Ridge Project; our plans and expectations for the Oracle Ridge Project including our 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 our drilling program and the Feasibility Study; and our goal to expand the Mineral Resource estimate and upgrade Mineral Resources, if possible, to a higher Mineral Resource category. This forward-looking information is based, in part, on assumptions and factors that may change or prove to be incorrect, thus causing actual results, performance or achievements to be materially different from those expressed or implied by forward-looking information. Such factors and assumptions include, but are not limited to: our ability to obtain shareholder approval under the rules of the TSX; our ability to obtain and maintain timely receipt of regulatory approvals including approval of the TSX of the Loan transaction; our ability to satisfy conditions precedents for the Loan transaction; our assumptions regarding copper, base metal and precious metal prices; accuracy of Mineral Resource estimate and Mineral Resource modelling; accuracy of cut-off grade and assumptions underlying thereto, including projected copper prices and estimates of total operating costs; dilution allowance assumptions; success of future drilling programs; reliability of drilling, sampling and assay data; representativeness of mineralization; accuracy of metallurgical test work; and our ability to comply with current and future environmental, safety and other regulatory requirements.*

*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 Corporation 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: the Corporation's ability to close any part of the proposed Loan transaction on terms and conditions deemed reasonable by the Corporation; the need to satisfy regulatory and legal requirements with respect to the Loan transaction; dilution to shareholders from any equity financings; the availability of capital on acceptable terms, or at all; influence of significant shareholders; risks relating to our estimates of Mineral Resources and cut-off grade and factors underlying, proving to be inaccurate; our dependence on the Oracle Ridge Project; risk that we are unable to enforce our legal rights under existing agreements, permits or licences or are subject to litigation or arbitration that has an adverse outcome; risk there are changes in project parameters as plans continue to be refined; risks related to the actual results of exploration and development activities; our historical experience with development-stage mining operations; changes in commodity prices, and particularly copper prices; receipt of necessary permits and licences; regulatory changes; 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; 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; availability of materials and equipment; lack of revenue and commercial production; increased indebtedness and events of default thereunder; competition for properties, capital, skilled personnel and resources; uninsured risks; defects in title; foreign operations; adequate infrastructure in the jurisdictions in which we operate; opposition to mining activities; fluctuations in currency exchange rate, as well as those factors discussed in the section entitled "Risks and Uncertainties" in the Managements' Discussion and Analysis for the year ended December 31, 2013 and discussed in the Corporation's annual information form dated March 31, 2014, for the year ended December 31, 2013, filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Corporation 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.*

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