



ORESTONE MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2017

OVERVIEW AND INTRODUCTORY COMMENT

Orestone Mining Corp. ("Orestone" or the "Company") is a mineral exploration company incorporated on April 30, 2007 and subsequently listed on the TSX Venture Exchange under the trading symbol "ORS" on March 11, 2008.

This MD&A is dated December 29, 2017 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the nine months ended October 31, 2017 and the Company's audited consolidated financial statements for the year ended January 31, 2017 and the related notes thereto.

Additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.orestone.ca.

MAJOR INTERIM PERIOD OPERATING MILESTONES

The Company continues to assess the best alternatives for its portfolio of gold-copper exploration targets on the Captain property, a 100% owned property situated in central British Columbia about 150 kilometers north of the City of Prince George.

On August 29, 2017, the Company consolidated its share capital on the basis of one new share for every 5 old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

On October 25, 2017, the Company closed a non-brokered private placement of 3,991,667 units (the "Units") at a price of \$0.06 per Unit for gross proceeds of \$239,500. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised into one common share of the Company at a price of \$0.10 per share expiring on October 25, 2019.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of warrants and options, along with the planned developments within the Company will allow its efforts to continue throughout 2018. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at October 31, 2017, the Company had working capital of \$40,996 (January 31, 2017 – working capital deficiency of \$43,582). As at October 31, 2017, cash totaled \$128,650, an increase of \$127,165 from \$1,485 as at January 31, 2017. The increase in cash was due to the proceeds from issuance of common



shares, net of share issuance costs, totaling \$221,713 while being offset by (a) operating activities of \$78,226 and (b) expenditures on mineral properties of \$16,322.

Operations

For the three months ended October 31, 2017 compared with the three months ended October 31, 2016:

The Company's general and administrative expenses amounted to \$59,608 (2016 - \$37,466), an increase of \$22,142. The change in the expenses was mainly due to increases in: (a) investor relations of \$4,320 (2016 - \$1,931); (b) filing fees of \$9,069 (2016 - \$878); and (c) professional fees of \$21,480 (2016 - \$11,149). All such increases were mainly because the Company completed a private placement in fiscal 2017. The increases were offset by decrease in office, rent and miscellaneous of \$3,008 (2016 - \$5,426).

During the three months ended October 31, 2017, the Company reported a loss of \$44,971 (2016 - \$37,414), an increase of \$7,557 due to the private placement in fiscal 2017. During the three months ended October 31, 2017, the Company received the mineral exploration tax credit refund of \$14,637 (2016 - \$Nil).

For the nine months ended October 31, 2017 compared with the nine months ended October 31, 2016:

Excluding the non-cash depreciation of \$Nil (2016 - \$113), the Company's general and administrative expenses amounted to \$135,549 (2016 - \$116,982), a decrease of \$18,567. The change in the expenses was mainly due to increases in: (a) investor relations of \$15,965 (2016 - \$2,612); (b) filing fees of \$15,790 (2016 - \$9,054); and (c) professional fees of \$34,305 (2016 - \$19,488). All such increases were mainly because the Company completed a private placement in fiscal 2017. The increases were offset by decrease in office, rent and miscellaneous of \$11,000 (2016 - \$27,983).

During the nine months ended October 31, 2017, the Company reported a loss of \$120,813 (2016 - \$62,281), an increase of \$58,532. This is a result of the Company recognizing a gain on sale of marketable securities in 2016 for \$54,657 while in 2017, there was no such item. During the nine months ended October 31, 2017, the Company received the mineral exploration tax credit refund of \$14,637 (2016 - \$Nil).

SIGNIFICANT RELATED PARTY TRANSACTIONS

During the quarter, there was no significant transaction between related parties.

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

As of the date of the MD&A, the Company has no outstanding commitments.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our MD&A filed on SEDAR May 31, 2017 in connection with our annual financial statements (the "Annual MD&A"), we have set out our discussion of the risk factors which we believe are the most significant risks faced by Orestone. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests



of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at October 31, 2017 and December 29, 2017:

	Issued and outstanding	
	October 31, 2017	December 29, 2017
Common shares outstanding	11,546,108	11,546,108
Stock options	130,000	915,000
Warrants	3,991,667	3,991,667
Fully diluted common shares outstanding	15,667,775	16,452,775

QUALIFIED PERSON

The technical information reported in this MD&A has been reviewed and approved by Mr. Ross Zawada P. Geo., the Company's Exploration Manager. Mr. Zawada is a Professional Geoscientist and member of the Professional Engineers and Geoscientist Association of British Columbia (APGECB) and a qualified person as defined by NI 43-101.

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.