



## ORESTONE MINING CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE SIX MONTHS ENDED JULY 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 September 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 six months ended July 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](http://www.sedar.com), and/or on the Company's website at [www.orestone.ca](http://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 September 5, 2017, the Company announced its intention to proceed with a non-brokered private placement to issue up to 4,000,000 units at a price of \$0.05 per unit for gross proceeds of up to \$200,000. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.10 within two years of closing. A finder's fee of 6% may be paid in cash on a portion of the private placement.

#### 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 2017. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

##### Liquidity

As at July 31, 2017, the Company had working capital deficiency of \$124,094 (January 31, 2017 – working capital deficiency of \$43,582). As at July 31, 2017, cash totaled \$9,376, an increase of \$7,891



from \$1,485 as at January 31, 2017. The increase was due to \$48,269 loan from shareholders and offset by (a) operating activities of \$32,708 and (b) expenditures on mineral properties of \$7,670.

### Operations

#### **For the three months ended July 31, 2017 compared with the three months ended July 31, 2016:**

The Company's general and administrative expenses amounted to \$42,647 (2016 - \$38,123), a slight increase of \$4,524. The change in the expenses was mainly due to increases in: (a) public relations of \$9,465 (2016 - \$329); and (b) professional fees of \$9,575 (2016 - \$5,089). All such increases were mainly because the Company increased the shareholders' awareness for its private placement. The increases were offset by decrease in filing fees of \$612 (2016 - \$2,683) and office, rent and miscellaneous of \$4,702 (2016 - \$10,064).

During the three months ended July 31, 2017, the Company reported a loss of \$42,544 (2016 - \$28,746), an increase of \$13,798. This is a result of the Company recognizing a gain on sale of marketable securities in 2016 for \$9,324 while in 2017, there was no such item.

#### **For the six months ended July 31, 2017 compared with the six months ended July 31, 2016:**

Excluding the non-cash depreciation of \$Nil (2016 - \$113), the Company's general and administrative expenses amounted to \$75,946 (2016 - \$79,516), a slight decrease of \$3,570. The change in the expenses was mainly due to increases in: (a) public relations of \$11,645 (2016 - \$681); and (b) professional fees of \$12,825 (2016 - \$8,339). All such increases were mainly because the Company increased the shareholders' awareness for its private placement. The increases were offset by decrease in filing fees of \$6,721 (2016 - \$8,176) and office, rent and miscellaneous of \$7,997 (2016 - \$22,557).

During the six months ended July 31, 2017, the Company reported a loss of \$75,843 (2016 - \$24,867), an increase of \$50,976. 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.

### **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 July 31, 2017:

	Issued and outstanding	
	July 31, 2017	September 29, 2017
Common shares outstanding	7,554,441	7,554,441
Stock options	372,400	372,400
Fully diluted common shares outstanding	7,926,841	7,926,841

#### **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 (APGEBEC) 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.