

ORESTONE MINING CORP.

**MANAGEMENT DISCUSSION
AND ANALYSIS**

**FOR THE YEAR ENDED
JANUARY 31, 2011**

ORESTONE MINING CORP.

INTRODUCTORY COMMENT

Orestone Mining Corp. is a junior mineral exploration company which was incorporated on April 30, 2007 and listed on the TSX Venture Exchange under the trading symbol “ORS” on March 11, 2008. The Company’s exploration strategy has until recently emphasized copper-gold and gold projects in Quesnel Terrane of British Columbia. Quesnel Terrane, which extends from the US border to Northern B.C., hosts numerous mines and many developing bulk tonnage copper-gold prospects such as those on the Mt. Milligan and Kwanika properties in North-central B.C., as well as sediment-hosted gold mineralization on the Spanish Mountain and Frasergold properties in South-central B.C. On June 3, 2010, Orestone acquired all the shares of a private company, Intuitive Exploration Inc. (“Intuitive”), which holds a 51% interest in the approximately 20,000 hectare precious and base metal Todd Property located 35 km North-east of Stewart, B.C. (refer to News Release of November 30, 2009).

This Management Discussion and Analysis (“MD&A”) is dated January 31, 2011 and discloses specified information up to that date. Orestone is classified as a “venture issuer” for the purposes of National Instrument 51-102. Financial statements are prepared in accordance with generally accepted accounting principles applicable in Canada.

Throughout this report we refer from time to time to “Orestone”, “the Company”, “we”, “us”, “our” or “its”. All these terms are used in respect of Orestone Mining Corp. which is the reporting issuer in this document. *We recommend that readers consult the “Cautionary Statement” on the last page of this report.*

ORESTONE MINING CORP.



OVERALL PERFORMANCE

From June 1, 2009 to March 31, 2010, Orestone completed a 27 hole percussion drilling program and a 5-hole diamond drilling program on its Captain copper-gold property near Mt. Milligan in North-central B.C. The December, 2009 diamond drilling program tested geophysical targets that remained untested by the summer 2009 percussion drilling program. Highlight of the diamond drilling, reported in a news release dated January 27, 2010 included the intersection of highly anomalous gold and copper in the bottom three samples of Hole 09-05 averaging 0.16% Cu and 0.34 g/t Au over 3.1 m of the 137.2 m vertical hole. Subsequent to that news release, the results of another geophysical survey (induced polarization) completed during July 2010 West of diamond drill hole 09-05 offer more encouragement in the area. An approximately two km wide coincident chargeability-resistivity anomaly at the West end of the survey is of particular note. As of the end of the period, the Company is currently considering additional follow-up work to evaluate these emerging targets.

ORESTONE MINING CORP.

No work was done as at January 31, 2011 on the LaForce Property located about 20 km east of the Kemess copper-gold mine in Northern B.C. nor on the Lay Property located about 30 km South-east of LaForce. All three above properties are 100%-owned by Orestone and none have any royalty obligations or property payments encumbering them.

On November 10, 2009 the Company entered into an arm's length agreement with Kootenay Gold Inc. (TSX-V:KTN) for the acquisition of 60% of Kootenay's 100% interest in the Connor Creek gold property in the Nelson Mining Division, Southeastern British Columbia (the "Kootenay Agreement"). As per the terms of the Kootenay Agreement, subsequently on November 9, 2010 the Company issued 150,000 shares to Kootenay Gold Inc. as part of the acquisition cost. In order to fully complete the acquisition of 60% of Kootenay's 100% interest in Connor Creek, the Company must expend an additional \$700,000 on the property and issue an additional 450,000 shares in the capital of the Company to Kootenay by November 10, 2013. On November 9, 2010 the Company issued 150,000 shares in connection with the Kootenay Agreement. A diamond drilling program was completed during November 23 to December 19, 2009 to evaluate structurally controlled gold mineralization discovered by a Kootenay drilling program in 2007 within a large anomalous gold in soil anomaly. Results reported February 25, 2010 contained several gold anomalous intersections as high as 7.06 g/t Au over 1.98 m.

On November 26, 2009, the Company entered into a letter agreement (the "Agreement") with Intuitive and 0875639 BC Ltd. ("0875639"). At the time, the Company and Intuitive were arm's length private parties and 0875639 was a wholly owned subsidiary of the Company. Intuitive and 0875639 were private British Columbia companies. The transaction was completed June 3, 2010 by way of share exchange.

The Todd Creek Project is owned by the Todd Creek Joint Venture of which the Company, through its subsidiary Intuitive, holds a 51% undivided interest. The Property is in the Skeena Mining Division, Stewart Gold Camp, in Northwestern British Columbia. The Todd Creek Joint Venture also holds an option to acquire 100% of the adjacent property known as the Funk Property. On October 22, 2010, Orestone on behalf of the Joint Venture issued 50,000 shares in the capital of the Company to Kelly Funk (49% was reimbursed to the Company by the Joint Venture Partners) and the Joint Venture made the required 2010 payment of \$75,000. During the quarter, the Company and its joint venture partners completed an airborne geophysical survey totaling almost 2,200 line kilometres, reporting and interpretation of the survey results are pending.

Flow-through funds of \$893,000 raised during June to August, 2008 provided sufficient funds to carry out all the exploration work on the Company's Quesnel Terrane properties and helped to conserve the non flow-through funds required to meet its working capital requirements, including administrative and corporate costs through the 2010 fiscal year. A financing completed on December 18, 2009 raised gross proceeds of \$666,800 to assist in the completion of the acquisition of shares of Intuitive, general administrative costs and initiating exploration on the Todd Property.

ORESTONE MINING CORP.

The Company contracted with MineGate Resources Capital Group to revamp and improve the company website on which the Company's mineral property information, news releases, financial and corporate data and environmental policy has been posted. The website, at www.orestone.ca, commenced operation in mid June 2008. As of September 9, 2010, the updated website became available; it will be kept current so as to provide a good conduit through which investors, potential investors, and other interested parties can quickly access information on the Company's activities.

RESULTS OF OPERATIONS - MINERAL PROPERTIES

To best understand Orestone's financial results, it is important to gain an appreciation for the significant events, transactions and activities which occurred on its mineral properties during and subsequent to the reporting period. These are summarized below.

Todd Property

As mentioned above, the Company completed the acquisition of Intuitive Exploration Inc. on June 3, 2010. The major asset of Intuitive is its 51% interest in the Todd Creek Joint Venture ("the Todd Creek Joint Venture") which was obtained pursuant to the Todd Creek option agreement, signed April 3, 2008 among Intuitive, Goldeye Exploration Limited ("Goldeye"), Polar Star Mining Corporation ("Polar"), and Geofine Exploration Consultants Ltd ("Geofine").

On April 28, 2010, Intuitive signed the Todd Creek Joint Venture Agreement with Goldeye and Polar and became the Manager of the Joint Venture.

Under the Todd Creek option agreement, Intuitive earned its 51% interest in the Todd Property by making payments on the property aggregating \$180,000, issuing 170,000 shares and by incurring expenses related to the Todd Creek Property aggregating \$2,500,000. Geofine has a net smelter return royalty in the amount of 2.5%. The Todd Creek Joint Venture pays a \$25,000 advance on the above royalty to Geofine every November. On November 17, 2010, the Todd Creek Joint Venture paid \$25,000 to Geofine for the 2010 advance royalty.

Pursuant to an option agreement dated August 19, 2008 between Intuitive and Mr. Kelly Funk, the Todd Creek Joint Venture also holds an option to acquire 100% of the Kelly Funk Property, which is adjacent to and East of the Todd Property. The Kelly Funk Property was acquired because favourable geology on the Todd Property is believed to extend onto the Kelly Funk Property and the additional land will allow Intuitive to efficiently explore targets that may exist near the common boundary. Neither Intuitive nor the previous owner has yet done material exploration work on the property. Under the Kelly Funk option agreement, the Todd Creek Joint Venture can earn 100% of the Kelly Funk Property by making payments of \$450,000 and issuing 350,000 shares. Prior to the quarter, Intuitive had already paid \$65,000 and issued 65,000 common shares. On October 22, 2010, Orestone on behalf of the Joint Venture issued 50,000 shares in the

ORESTONE MINING CORP.

capital of the Company to Kelly Funk (49% was reimbursed to the Company by the Joint Venture Partners) and the Joint Venture made the required 2010 payment of \$75,000.

If Intuitive acquires the Kelly Funk Property, Intuitive has agreed to pay a net smelter return royalty of 2.0%. The royalty may be purchased at any time during the four year period following the grant of the royalty in 0.5% increments at \$750,000 per increment.

The Todd Property is located in the Skeena Mining Division of North-west British Columbia, approximately 35 km North-east of the town of Stewart. The property occurs within the Jurassic Hazelton Group volcano-sedimentary rock package. This geological environment hosts several large and significant mineral deposits including the Granduc Mine (historic resource and production of: 39MM Tonnes at 1.73% Cu with minor silver, gold, and zinc), Eskay Creek Mine (historic production of: 2.2MM Tonnes at 46 g/T Au and 2200 g/T Ag), and the Kerr-Sulphurets-Mitchell deposit (indicated and inferred resources of: 1,750 MM Tonnes at 0.60 g/T Au, 0.21% Cu). Intuitive believes that the Todd Property has the potential to host significant mineral deposits of a type consistent with the other known deposits in the district. These include Besshi and Kuroko type massive sulfide copper-zinc, epithermal gold-silver, and porphyry copper-gold deposits.

Dr. Mark Fedikow of Mount Morgan Resources Ltd. completed a NI 43-101 technical report on the Todd Property and the Todd Creek Report has been filed on SEDAR at www.sedar.com

The author of the Todd Creek Report, Dr. Fedikow, is an independent Qualified Person under NI 43-101. Much of the information below has been extracted in whole or in part from the Todd Creek Report which readers are encouraged to review in full.

A review of past exploration results on the Todd Property indicates that a significant hydrothermal depositional environment exists on the property with the opportunity for the discovery of porphyry-style gold-copper mineralization and related precious metal epithermal systems and volcanogenic massive sulphide-type mineralization. Integrated geoscientific data shows that the Todd Property hosts extensive and intensive hydrothermal alteration zones. Some of the alteration and mineralization are associated with high-grade epithermal precious and base metal mineralization, whereas others are indicative of base metal massive sulphide type mineralization. Exploration work has been conducted on the property since at least 1959 by several companies, as described in detail in the Todd Creek Report. Aggregate expenditures on the property exceed \$5,200,000 (un-discounted), including \$2,200,000 by Intuitive during 2008. The combined Todd Creek Kelly Funk Properties cover approximately 19,467 hectares and includes several British Columbia Minfile occurrences and target areas.

At the Knob Zone geological mapping has led to the recognition of a felsic volcanic depositional center with strongly altered coarse felsic fragmental volcanic facies that bear a striking resemblance to “mill-rock”, a term used to describe a proximal lithology often associated with major massive sulphide-type deposits worldwide. Associated historic airborne electromagnetic anomalies at the Knob Zone reflect the *bona fide* volcanogenic

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massive sulphide type deposit potential. The Knob Zone has favourable multi-element rock geochemical signatures including maximum values for Au (2.71ppm), Ag (54.4 ppm), Cu (3.35%), Pb (1.6%), Zn (5.42%) and As (1860 ppm).

The Yellow Bowl, Knob Zone and Orange Mountain Target Area comprise favourable alteration styles and together define a structural fabric associated with approximately 10 square kilometres of altered host rock. EM anomalies, multi-element rock geochemical alteration signatures, propylitic to argillic and silicic alteration and sulphidization, justify considerable additional drilling in this large and complex geologic setting.

The South Zone hosts a significant mineralized body that was discovered by Noranda and confirmed and extended by later drilling. Together with the Mext and Next Zones, the area is associated with a large and essentially untested magnetic anomaly and spans an interesting sulphide to oxide transition in the nature of the mineralization. Discovery in hole TC08-003 of strataform sulfide mineralization suggests that it is possible this system represents footwall mineralization to base metal massive sulphide type mineralization.

At the Mylonite Zone the combination of stratigraphy and distinctive alteration of host rocks is strongly suggestive of a base metal massive sulphide-type of depositional environment. This zone may be part of a much larger system that includes the VMS and South Zones.

Intuitive expended approximately \$2,200,000 in exploration costs between June and September of 2008 and approximately \$300,000 in 2009. Working from a helicopter supported camp on the project, Intuitive conducted extensive geological mapping and sampling, ground geophysical surveys (magnetics and induced polarization), and drilled approximately 2,600 meters in eight diamond drill holes. Dr. Fedikow visited the project during this program and examined all aspects of the exploration program during his preparation of the Todd Creek Report.

The 2008 exploration program confirmed the significance of the previously identified target zones and identified at least three new prospect areas worthy of more exploration. Available assays from drilling and sampling in 2008 have already returned favourable results for gold, silver, copper, and zinc at various targets.

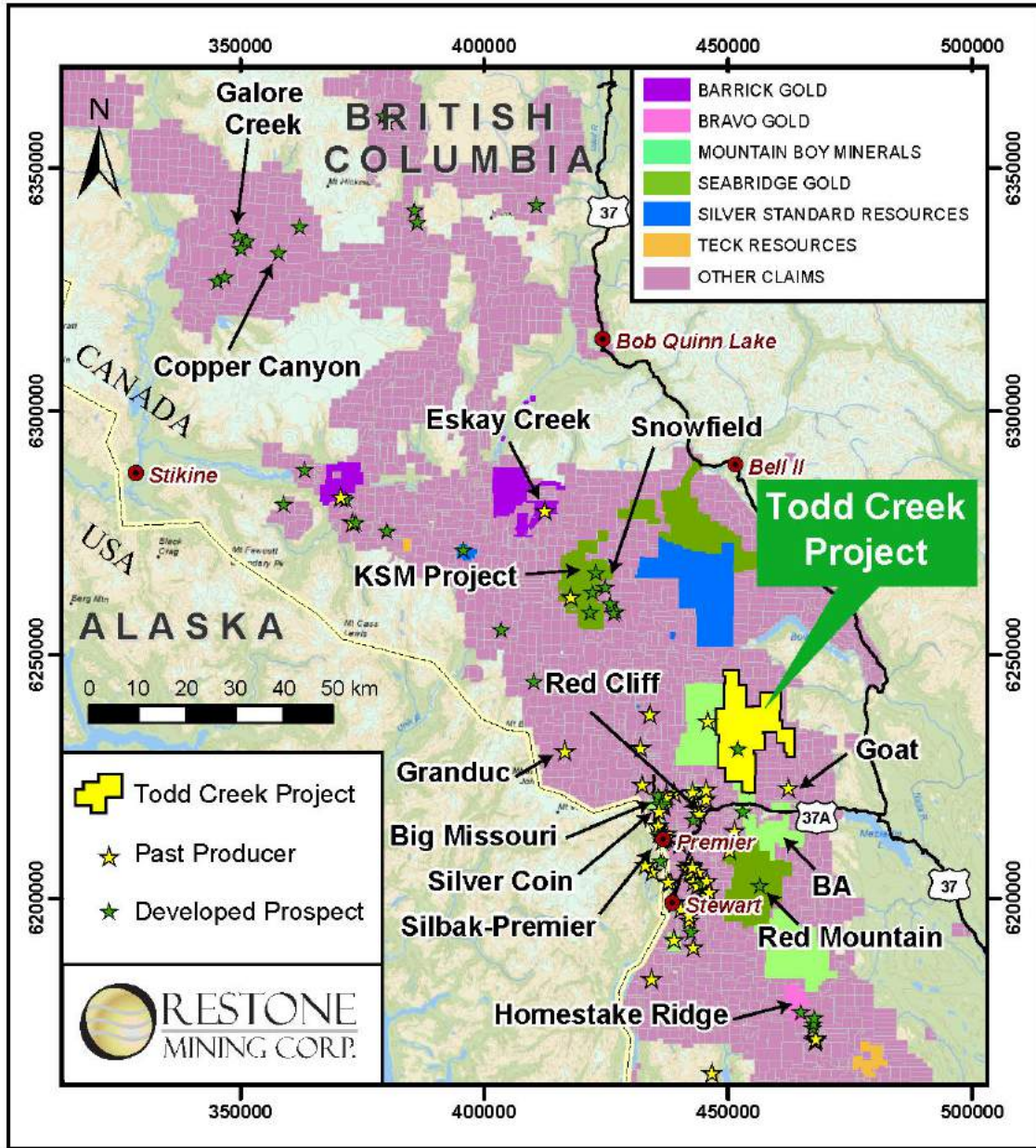
The Todd Creek Report authored by Dr. Fedikow recommends an extension or “wrap-up” of Intuitive’s Phase 1 2008 field program totaling approximately \$400,000 and consisting of deep-looking helicopter-borne electromagnetic and magnetic surveys and data compilation. The proposed survey will stitch together the various exploration targets and identify areas for focused exploration. Geophysical data should be integrated with all previously acquired geological, geophysical and geochemical data with the aim of identifying diamond drill targets for future exploration and extrapolating anomalous geophysical and geochemical responses into adjacent areas. Results acquired from the data compilation and the helicopter-borne geophysical survey will provide impetus for further exploration that will include detailed and reconnaissance geologic mapping, additional ground

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geophysical surveys, rock and soil geochemistry and diamond drill testing of targets derived from integrated geoscientific datasets.

On June 23, 2010, the Company contracted with Geotech Ltd. for a helicopter-borne geophysical survey with a Geotech Versatile Time-Domain Electromagnetic (VTEM-M) geophysical system. The survey covered approximately 2,200 line-kms. Total costs for the airborne geophysical survey, data compilation, data interpretation and follow-up geochemistry and petrography are projected to be \$450,000. The airborne survey was subsequently flown and completed August 25, 2010. During the Quarter, the survey data was compiled and the Joint Venture has contracted with Condor Consulting Inc. of Denver, CO for the analysis and interpretation of the data, with the results expected by the end of 2010.

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Captain Property

Orestone owns 100% of the Captain Property and has acquired and staked additional surrounding lands referred to as the Quesnel Terrane South Project ("QTSP"). The Captain Property and QTSP, within the Cariboo and Omineca Mining Divisions, cover 40,727 hectares of prospective Quesnel Terrane. The property is centered about 65 kilometers North-east of Fort St. James in the Nechako Plateau area of North-central British Columbia.

The Captain Property and surrounding lands contain many airborne magnetic-high anomalies on ground previously worked by Placer Dome, Noranda and several junior resource companies during 1989 to 1996. Numerous airborne magnetic-high targets in Quesnel Terrane are known to be related to underlying intrusions important for their relationship with copper-gold porphyry deposits such as Terrane Metals' Mt Milligan deposit immediately North of the Captain Property. Induced polarization ("IP") surveys over the airborne magnetic highs are a key method of identifying drill targets in the largely overburden covered Captain Property.

During the months of July and August 2008, the Company completed an exploration program including geochemical sampling, induced polarization and ground magnetic surveys on the Captain Property. The cost of this work totaled about \$150,000. The positive results from it, along with ongoing compilation of all historical data, identified eleven separate target areas for copper-gold porphyry and other styles of mineralization in several widespread parts of the property.

The Company initiated a \$175,000 percussion drilling program in late June 2009 to begin evaluation of the targets. The program was completed August 5, 2009 and evaluated seven of the eleven targets with assay results of drill chip samples as reported in a news release dated September 25, 2009. Minor copper and gold values were obtained from the percussion drilling samples. Pyritic mineralized rock encountered in many of the holes, with minor chalcopyrite in some holes, explains the I.P. chargeability anomalies.

The Company completed a 5-hole, 677 m diamond drilling program during December 6 to 31, 2009 to evaluate three of the above eleven target areas which remained either untested or only partially tested. Within the third target area, in the Southern part of the property, Hole 09-05 intersected a weighted average of 0.16% Cu and 0.34 g/t Au over the bottom 3.1 m of the 137.2 m vertical hole. All nine samples collected higher in the hole were also anomalous in copper and gold. Mineralizations in the last three samples and locally higher in the hole are breccias with a matrix of fine-grained pyrite and chalcopyrite within andesitic volcanic rocks.

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Anomalous chargeability responses on two widely spaced IP lines and anomalous copper-gold values in a nearby percussion drill hole indicate that the potential copper-gold mineralization in the area surrounding Hole 09-05 could be extensive. The target area is completely overburden covered.

In addition to re-logging and splitting Hole 09-05 in its entirety, the Company decided to carry out a program of detailed grid IP surveying to fully define the extent of the chargeability anomaly that has been linked to the drill-indicated copper and gold-bearing sulphide mineralization.

During July 10-11, 2010 approximately 4 km of road IP was completed along the Mcleod-Tsilcoh FSR, West of hole 09-05 target area for a cost of approximately \$8,000. The results of the I.P. survey are highly encouraging. An approximate two kilometre wide coincident chargeability-resistivity anomaly on the West end of the survey associated with magnetic Features is of particular note. The Company is permitted for diamond drilling 24 holes throughout the I.P. survey area. The Company is currently considering a follow-up exploration program that is likely to include additional drilling and geophysics.

LaForce Property

Results announced in early May 2008 from Orestone's 100% owned LaForce Property provided excellent gold assays on a new discovery (BB showing) located about 20 km East of Northgate Minerals' Kemess South copper-gold mine in Northern British Columbia. Visible gold seen in a quartz vein sample was confirmed with a grade of 6.8 g/t Au. Five of eight surface grab samples collected within a clastic sediment-hosted quartz stockwork zone returned anomalous to strongly anomalous gold values of 6.8, 5.6, 0.5, 0.3, and 0.3 g/t Au. In reaction to these results, Orestone increased its claim holdings in the area to 19,500 hectares to cover a 30-km length of favorable geology and regional geochemistry.

In August 2008, Orestone completed a \$60,000 program of sampling available outcrops on the BB showing and reconnaissance prospecting and geochemical sampling in several other higher-priority target areas on the property. Fire assays of 66 rock samples from the BB showing produced two highly anomalous samples of 17.7 g/T Au from a rock chip sample collected over a 5 m width and 10.6 g/T Au from a rock chip sample collected over a 2 m width. Both of the widths were measured across a pronounced foliation direction present throughout the structure and could be approximate true widths. The majority of the 66 samples were collected from the most intensely altered core of the structure and yielded results of less than 1 g/T Au. The two high values were from samples collected 700 m apart on the South-west or hanging wall side of the structure.

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A drill target at the BB showing has thus been developed over a 900 metre strike length using the distance between the two highly anomalous samples and adding 100 m for extensions under cover to the North and South, supported by anomalous gold in soils.

2008 reconnaissance work outside of the BB showing area defined two early-stage, structural gold targets in the Northern and Southern parts of the property. These require follow-up work in order to ascertain whether they can be advanced to the drill target stage. The LaForce Property has been reduced to three separate claim blocks (LaForce Central, containing the BB showing, and LaForce North and LaForce South) which now total 4,707 hectares. The expiry dates of all retained claims have been advanced to January 2012 or 2013.

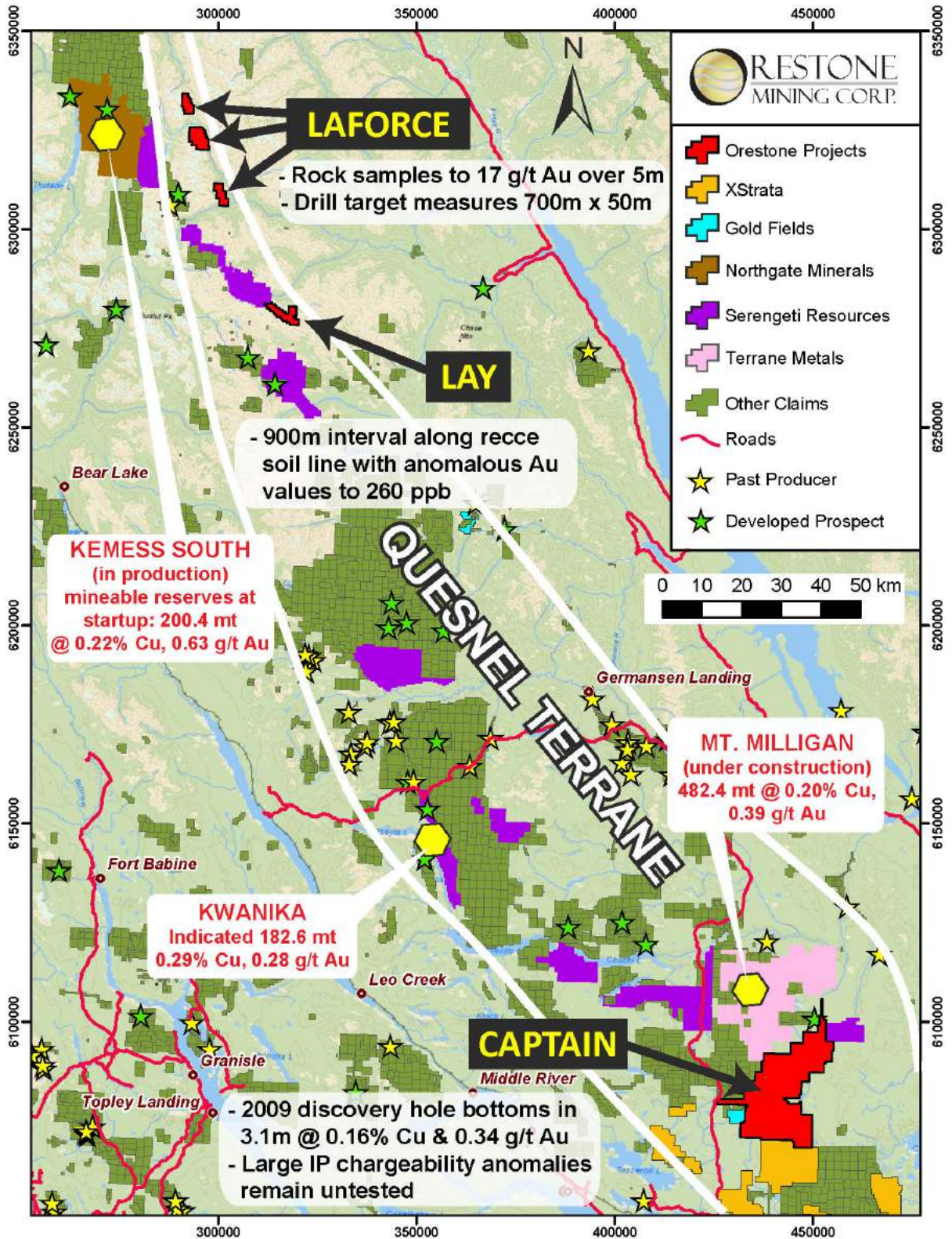
During August 2010, a \$5,000 reclamation bond was refunded to Orestone.

Lay Property

The 2,119 hectare Lay Property located 30 km South-east of the LaForce property covers similar geology and regional geochemistry as the LaForce Property. In August 2008, Orestone completed an \$18,000 program of reconnaissance prospecting and geochemical sampling throughout the claims area. In the Southern part of the property, a 900 m interval along a reconnaissance soil sampling line returned anomalous values for gold and several pathfinder elements. The soil line is located within a large gossan zone. No work was conducted on the claims in 2010.

Cash-in-lieu payments (\$150 per month) were made on the Lay 10 mineral claim in order not to change mineral title status until after the purchase of Intuitive was complete. These payments were made during the period September 2009 through to July 2010. A new Lay 10 claim was staked July 14, 2010 at a cost of \$178 and has an expiry date of July 14, 2011.

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Connor Creek Property

The Company entered into an arm's length letter agreement dated November 10, 2009 with Kootenay Gold Inc ("Kootenay"), a publicly trading company on the TSX Venture Exchange (TSX-V:KTN), for the acquisition of an option to earn 60% of Kootenay's 100% interest in the Connor Creek gold property in the Nelson Mining Division, Southeastern British Columbia.

Pursuant to the Letter Agreement, Orestone may earn 60% of Kootenay's 100% interest in the Connor Creek Property by: (i) expending \$1,000,000 on the Property prior to November 10, 2013 including \$150,000 in exploration costs by November 10, 2010; and (ii) delivering to Kootenay an aggregate 750,000 shares of Orestone by November 10, 2013 including 150,000 shares on acceptance of the Letter Agreement by the TSX Venture Exchange. Upon making the foregoing expenditures and share payments, Orestone will have earned an undivided 60% interest in the Connor Creek Property. Orestone has made the initial 150,000 share payment and incurred exploration costs in excess of \$300,000, which satisfies the terms of the agreement through to November 10, 2010. Subsequently on November 9, 2010, the Company issued an additional 150,000 shares to Kootenay in order to maintain the option until November 2011. In addition, the Company is required to incur \$50,000 of exploration expenditures by November 10, 2011.

The Connor Creek Property covering 2270.1 hectares is located 18 km South-west of the town of Nelson in Southeastern British Columbia. Recent logging roads have provided access to most of the claim area and exposed new zones of gold mineralization. Metasedimentary rocks on the property have been intruded by Middle Jurassic intrusions correlated with the Nelson Plutonic Suite. Many of the vein camps and skarn deposits in Southeastern B.C. are within or along the margins of Nelson Plutonic intrusions including the historic gold-producing veins at Rossland, 40 km South-west.

Gold-bearing shear zones, massive sulphide gold-copper veins, polymetallic veins and skarn occur on the property. The massive sulphide veins are similar in many respects to the veins that host the copper-gold deposits of the historic Rossland Camp. Although hillsides are steep, little outcrop has been found away from roads and some creeks. A soil geochemical survey over about one quarter the property has located several unexplained zones of strongly anomalous values for gold (up to 1554 ppb) and other metals. These zones measure up to 1500 metres long and 500 metres wide. Drilling in 2007 of newly discovered gold-bearing shears at the CC Gold Zone at the North end of a 550 metre long gold soil anomaly returned the following drill intercepts:

Hole CC07-09: 16.2 g/t Au over 0.80 m.
Hole #CC07-10: 4.75 g/t Au over 3.0 m and
3.29 g/t Au over 1.76 m and
1.09 g/t Au over 4.0 m

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The Company completed a 1,631 m, 9-hole diamond drilling program during the period November 23 to December 19, 2009. Initial drilling by Orestone targeted the CC Gold Zone discovered by Kootenay Gold Inc. in 2007. Seven of nine holes tested this zone and its inferred Southeasterly extension over a distance of about 550 m. A summary of significant 2009 mineralized intercepts is given in the table below.

Hole #	From-To (m)	Interval (m)	Au g/t	Cu ppm
CC09-01	29.37 - 30.75	1.38	6.11	251
CC09-02	20.79 - 22.50	1.71	1.2	43
CC09-03	95.00 - 96.98	1.98	7.06*	75
CC09-06	121.57 - 122.95	1.38	1.02	185
CC09-09	110.90 - 111.80	0.9	1.93	>10,000
CC09-09	144.22 - 145.58	1.36	4.4	2,657

* 12.61 g/t Au on re-analysis (separate assay pulp)

The Company will evaluate the property for continuing development in co-ordination with Kootenay personnel.

Qualified Person

The technical information reported in this MD&A has been reviewed and approved by the Mr. Robert Perry, the Company's Vice President – Exploration. Mr. Perry is a Certified Professional Geologist (C.P.G.) with the American Institute of Professional Geologists and a qualified person as defined by NI 43-101.

PURCHASE OF INTUITIVE EXPLORATION INC.

As mentioned above, the Company completed the acquisition of Intuitive Exploration Inc. on June 3, 2010. This purchase was pursuant to a November 26, 2009 arm's length letter agreement (the "Agreement") between the Company and Intuitive and 0875639 BC Ltd. ("0875639"), both of which were arm's length private British Columbia companies. The transaction was completed June 3, 2010 by way of share exchange.

Pursuant to the Agreement, the acquisition of Intuitive was completed through the following share exchange:

- Each share of Intuitive issued and outstanding was transferred to Orestone;
- Each Intuitive shareholder was issued shares at a fair value of \$0.135 per share, based on a Fairness Opinion (the "Opinion") dated March 10, 2010, for their shares by the Company and was deemed to have their Intuitive shares cancelled;
- Each Intuitive shareholder received 1 common share of the Company for transferring 1 Intuitive share;
- Each Intuitive share acquired by the Company was transferred to 0875639 in exchange for 0875639 shares on a 1:1 basis. The fair value of the 0875639 shares of \$0.13, was based on the Opinion;

ORESTONE MINING CORP.

- Finder's fee was issued to Raymond James Ltd. consisting of 200,000 units. Each unit consisted of one common shares and one share purchase warrant with each warrant entitling the holder to purchase one common share of the Company at \$0.15 per share for two years.
- Intuitive and 0875639 amalgamated.

As of June 3, 2010 Intuitive is the Company's wholly-owned subsidiary and the Company is the parent of Intuitive.

The major asset of Intuitive is its 51% interest in the Todd Creek Joint Venture ("the Todd Creek Joint Venture"). The principal commercial asset of Intuitive is its 51% interest in the Todd Property which was obtained pursuant to the Todd Creek option agreement, signed April 3, 2008 among Intuitive, Goldeye Exploration Limited ("Goldeye"), Polar Star Mining Corporation ("Polar"), and Geofine Exploration Consultants Ltd ("Geofine"). Intuitive is the Manager of the Joint Venture by virtue of its majority interest in the property.

SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended January 31, 2011	Year ended January 31, 2010	Year ended January 31, 2009
Net sales / total revenues	\$ -	\$ -	\$ -
Income (loss) before discontinued operations and extraordinary items	\$ (546,613)	\$ (161,468)	\$ (421,636)
Per share basis	\$ (0.01)	\$ 0.00	\$ (0.02)
Diluted per share basis	\$ (0.01)	\$ 0.00	\$ (0.02)
Net income or loss, total	\$ (546,613)	\$ (161,468)	\$ (421,636)
Per share basis	\$ (0.01)	\$ 0.00	\$ (0.02)
Diluted per share basis	\$ (0.01)	\$ 0.00	\$ (0.02)
Total assets	\$2,963,387	\$2,293,508	\$2,339,003
Total long-term financial liabilities	\$ -	\$ -	\$ 38,571
Cash dividends declared per share	\$ -	\$ -	\$ -

The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as described in Note 2 to the audited annual financial statements for the year ended January 31, 2011. Except as noted, all dollar amounts contained in this discussion and analysis and in these financial statements are in Canadian dollars.

Variance Discussion:

Discontinued operations

None.

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Changes in accounting policies

See Note 2 to the audited financial statements for recent accounting policies not yet adopted which are: International Financial Reporting Standards.

Significant acquisitions

On March 18, 2010, as amended on April 30, 2010 and completed on June 3, 2010, the Company entered into an Agreement with Intuitive and 0875639, both of which are arms-length private British Columbia companies. The transaction, which will be completed by way of share exchange, will result in a reverse takeover of the Company. See Note 4 to the audited financial statements.

The Company continues to hold a 100% interest in the Captain Property. See Note 5 to the audited financial statements. To January 31, 2011, the Company's interest in the Captain Property totals \$1,068,944.

During the year ended January 31, 2011, by way of completion of the RTO, the Company acquired an option to earn a 60% interest in the Connor Creek gold property in the Nelson Mining Division, British Columbia. See Note 5 to the audited financial statements. To January 31, 2011, the Company's interest in the Connor Creek Property totals \$317,367.

Significant dispositions

None.

Changes in the direction of business

Since its incorporation, the Company is and continues to be primarily in the exploration stage with respect to its mineral properties.

Trends in financial condition and results of operations

The volatility of exploration costs is inherent to the business of resource based companies. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

Management is also aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. Management's plan include continuing to pursue additional sources of

ORESTONE MINING CORP.

financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs.

Management of the Company believes that no additional meaningful information about the Company's operations can be found by further analyses of fluctuations.

RESULTS OF OPERATIONS

Statements of Income (Loss), Comprehensive Income (Loss) and Deficit

FOR THE YEARS ENDED JANUARY 31

	2011	2010
EXPENSES		
Amortization	\$ 1,683	\$ 13,275
Consulting	54,934	-
Filing fees	29,191	-
Investor relations	5,069	-
Management fees	109,238	4,628
Office, rent and miscellaneous	31,075	32,675
Professional fees	248,075	91,587
LOSS BEFORE OTHER ITEMS AND INCOME TAX	479,265	142,165
OTHER ITEMS		
Interest income	-	5,697
Gain on settlement of loan payable	17,500	-
Termination fees	-	(25,000)
LOSS BEFORE INCOME TAX	461,765	
FUTURE INCOME TAX EXPENSE	84,848	
NET LOSS AND COMPREHENSIVE LOSS	\$ 546,613	\$ 161,468
LOSS PER COMMON SHARE – BASIC AND DILUTED	\$ (0.01)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	40,175,757	22,568,581

Net Loss

The Net Loss for the fiscal year ended January 31, 2011 was \$546,613 compared to a Net Loss for the year ended January 31, 2010 of \$161,468. The current year Net Loss includes an \$84,848 allowance for potential future income taxes. Current year basic and diluted loss per common share was \$0.01 compared to a basic and diluted loss per common share of \$0.00 for the fiscal year ended January 31, 2010.

ORESTONE MINING CORP.

Expenses & Other

For the fiscal year ended January 31, 2011, expenses before other items and income taxes totaled \$479,265 (2010 - \$142,165) and are summarized as follows:

- Amortization: \$1,683 (2010 - \$13,275) is associated with the amortization of certain equipment and computers. The higher 2010 costs are due to an adjustment taken during the first quarter to capture amortization not previously booked.
- Consulting: \$54,934 (2010 - \$0) are fees for geological consulting.
- Filing fees: \$29,191 (2010 - \$0) in 2011 are the fees associated with the acquisition of Intuitive in addition to miscellaneous fees related to regular regulatory filings.
- Investor relations: \$5,069 (2010 - \$0) in 2011 are fees paid to an Investor Relations consultant.
- Management fees: \$109,238 (2010 - \$4,628) are fees paid to management personnel for technical and administrative services provided to the Company. For the year ended January 31, 2010, no fees had been charged to October 31, 2009.
- Office rent & miscellaneous: \$31,075 (2010 - \$32,675) in 2011 primarily relates to travel expenses incurred in the normal course of business plus additional travel associated with the Intuitive acquisition. 2010 costs also include accounting costs. Office expenses are minimal since Officers & Directors of the company operate out of their own homes or offices.
- Professional fees: \$248,075 (2010 - \$91,587) higher 2011 fees relate primarily to costs associated with the Intuitive acquisition, for example preparation of the Fairness Opinion, revisions to the 43-101 and legal and financial advisors.

Other Items affecting the Net Loss were:

- Interest income: \$0 (2010 - \$5,697) for the year ended January 31, 2010 is the interest earned on short-term investments held in Canadian financial institutions.
- Gain on settlement of loan payable: \$17,500 (2010 - \$0) is the settlement of a \$25,000 loan from an arms-length party by the issuance of 250,000 common shares at a fair value of \$7,500, resulting in a gain on settlement of debt of \$17,500.
- Termination fees: \$0 (2010 - \$25,000) the 2010 cost was expenditures to fulfill the terms of the Funk Agreement.

Future income tax expense of \$84,848 is an allowance for potential income taxes. This amount arose from goodwill upon completion of the RTO and is the difference between the allocated fair value and the tax base of the assets acquired.

Trends in Financial Condition and Results of Operations

The volatility of exploration costs is inherent to the business of resource-based companies. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the

ORESTONE MINING CORP.

ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

Management is also aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. Management's plan include continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs.

Management of the Company believes that no additional meaningful information about the Company's operations can be found by further analyses of fluctuations.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

Fiscal quarter ended	Revenues*	Net income (loss)**	Loss per share from continuing operations	Net comprehensive income (loss)	Net income (loss) per share
	\$	\$	\$	\$	\$
31-Jan-11	Nil	(261,984)	(0.01)	(346,832)	(0.01)
31-Oct-10	Nil	(9,297)	(0.00)	(9,297)	(0.00)
31-Jul-10	Nil	(175,467)	(0.01)	(175,467)	(0.01)
30-Apr-10	Nil	(15,017)	(0.00)	(15,017)	(0.00)
31-Jan-10	Nil	(113,795)	(0.01)	(113,795)	(0.01)
31-Oct-09	Nil	(16,612)	(0.00)	(16,612)	(0.00)
31-Jul-09	Nil	(1,256)	(0.00)	(1,256)	(0.00)
30-Apr-09	Nil	(4,805)	(0.00)	(4,805)	(0.00)

* Revenues exclude interest income.

** Net income (loss) before income taxes.

Discussion:

The operating results of junior exploration companies are capable of demonstrating wide variations from quarter to quarter. The Management of Orestone Mining Corp. does not believe that meaningful information about the Company's operations can be derived from an analysis of quarterly fluctuations in any more detail than presented here.

Fourth Quarter

There were no significant events or items that affected the Company's financial condition, cash flow or result of operations during the fourth quarter.

ORESTONE MINING CORP.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2011, the Company had current assets of \$184,063 and current liabilities of \$411,855. Working capital deficit was \$227,792 versus \$274,922 as at January 31, 2010. Subsequent to January 31, 2011, the Company has agreed with most of its creditors to settle its current liabilities with the issuance of shares. Included in current liabilities as at January 31, 2010 was a \$200,000 loan between Orestone and Intuitive (subsequently eliminated upon consolidation) and \$25,000 owing to an arms-length party (subsequently settled with shares).

The Company has obligations pursuant to option agreements it has entered into. The Company has no contractual commitments to satisfy these obligations, however it would forfeit any interest it may have earned to that date should it decide not to satisfy these obligations. Detailed terms of those agreements and the obligations are included in the Financial Statements.

The Company is currently considering options for raising addition capital. The Company has no material debt obligations, other than short term liabilities incurred in the normal activities of exploration and administration. The Company has no long term debt.

CHANGES IN FINANCIAL CONDITION COMPARED TO PRIOR YEAR-END

The financial condition of Orestone at January 31, 2011 has not significantly changed from the Company's financial condition at January 31, 2010 (i.e. the prior period year-end reported by Orestone). On June 3, 2010, the Company acquired Intuitive which increased shares outstanding and expanded its exploration portfolio but did not materially change the Company's assets and liabilities. As discussed below the Company did convert debt owed to Datinvest of \$25,000 into share capital on August 25, 2010.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect its operations or financial condition of the Company.

RELATED PARTY TRANSACTIONS

During the year ended January 31, 2011, the Company:

- incurred management fees of \$109,238 (2010 - \$4,628) to directors and officers of the Company;
- incurred consulting fees of \$44,934 (2010 - \$Nil) to a director and an officer of the Company;
- incurred geological consulting fees of \$57,279 (2010 - \$Nil) to a director and a former director of the Company.

ORESTONE MINING CORP.

As at January 31, 2011 \$178,070 (January 31, 2010 - \$Nil) was owing to directors and officers of the Company. This amount is non-interest bearing and has no fixed terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

No director's fees were paid to any of the five Directors of the Company. It is the choice of the Board to receive their remuneration by way of expected future increases in the unit value of the common shares of the Company that they hold. The Company may contemplate other future remuneration arrangements such as an expanded option plan for Directors, Officers and employees.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the board of directors other than the agreement with Kootenay Gold Inc. referred to above. All current transactions are fully disclosed in the financial statements for the period ended March 31, 2010.

OTHER ITEMS NOT RELATED TO ONGOING BUSINESS ACTIVITIES

Discontinued operations

None.

Changes in accounting policies

None. See Note 2 to the audited financial statements for recent accounting policies not yet adopted which are: International Financial Reporting Standards.

Significant acquisitions

On March 18, 2010, as amended on April 30, 2010 and completed on June 3, 2010, the Company entered into an Agreement with Intuitive and 0875639, both of which are arms-length private British Columbia companies. The transaction, which was completed by way of share exchange, resulted in a reverse takeover of the Company. See Note 4 to the January 31, 2011 audited financial statements.

Significant dispositions

None.

ORESTONE MINING CORP.

Changes in the direction of business

Since incorporation on April 30, 2007, the Company is and continues to be primarily in the exploration stage with respect to its mineral properties.

ACCOUNTING CHANGES

Recent accounting pronouncements – Adopted

“Business Combinations” – Section 1582, “Consolidated Financial Statements” – Section 1601 and “Non-Controlling Interests” – Section 1602

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

Recent accounting pronouncements – Not yet adopted

International Financial Reporting Standards (“IFRS”)

The Company’s comprehensive IFRS conversion plan addresses changes in accounting policies, restatement of comparative periods, organization, internal controls and any required changes to business processes. The management of the Company has reviewed its accounting system, its internal controls and its disclosure control processes and believes they will not need significant modification as a result of the conversion to IFRS.

IFRS 1 “First-time Adoption of International Financial Reporting Standards” sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retroactively at the Transition Date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company will be applying the following exemptions to its opening balance sheet dated January 1, 2010:

(a) Business combinations

IFRS1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and applies

ORESTONE MINING CORP.

IFRS 3 to business combinations that occurred on or after January 1, 2010. There is no adjustment required to the January 1, 2010's statement of financial position on the Transition Date.

(b) IFRS 2 – Share-based payment transactions

IFRS 2 Share-based Payment will not be applied to equity instruments that were granted on or before November 7, 2002, nor will it be applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

(c) IAS 27 – Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company will elect to apply IFRS 3 prospectively, the Company will also elect to apply IAS 27 prospectively.

(d) IAS 23 – Borrowing Costs

IAS 23 Borrowing costs will not be applied to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2010.

Impact of Adoption of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption of IFRS is not expected to have any material impact on the financial information previously disclosed under Canadian GAAP. The Company has identified a number of key accounting areas where there are potential differences between IFRS and Canadian GAAP, which may have an impact on the Company's financial results. Some of these areas, based on the standards currently issued and applicable to the Company, are summarized below. This is not a complete list of differences between IFRS and Canadian GAAP and several standards are in the process of being amended by the IASB.

(a) “Contributed surplus” versus various reserves in equity

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its “contributed surplus” account and concluded that as at the Transition Date, the entire amount would be reclassified into “Reserves for agents' warrants”.

(b) Cumulative Translation differences

IFRS requires that the functional currency of each entity of the Company be determined separately and the foreign exchange differences resulting from consolidation in equity rather than in the statement of operations, with certain exceptions. IFRS 1 provides an exemption and allows for such adjustments to be made as of the transition date, resulting in no change to the December 31, 2009 financial statements.

ORESTONE MINING CORP.

The Company is currently reviewing the differences between IFRS requirements and Canadian GAAP. The Company has determined that the functional currency of its US subsidiary is the US Dollar while its presentation currency is the Canadian Dollar. For the year ended January 31, 2011, the foreign exchange resulting from the conversion of its US subsidiary using the foreign operation method versus the foreign currency transaction method used under IFRS is expected to result in the creation of an “Exchange Reserve” in the Statement of Equity.

In order to allow the users of the financial statements to better understand other changes between IFRS and Canadian GAAP that do not have any quantitative effect or adjustments to the Canadian Company’s financial statements, the following qualitative explanation of the differences between Canadian GAAP and IFRS is provided:

(c) Income tax

Income tax expense and future income tax assets and liabilities are calculated in the same manner under Canadian GAAP and IFRS.

(d) Property, plant and equipment

Canadian GAAP and IFRS permit the use of the cost model, whereby the carrying amount is equal to the original cost less depreciation.

(e) Share-based payment transactions

Share-based payment transactions IFRS requires that share-based payments to employees with different vesting periods be treated as separate awards for the purpose of determining their fair value. In addition, IFRS requires that the number of anticipated forfeitures be estimated at the grant date and incorporated into the calculation of share-based compensation expense. Under Canadian GAAP, share-based payments with different vesting periods can be treated as a single award and forfeitures recorded as they occur.

(f) Exploration for and Evaluation of Mineral Resources

Canadian GAAP and IFRS permit the capitalization of costs associated with the exploration for and evaluation of mineral resources incurred after the Company has obtained the legal rights to explore a specific area.

ORESTONE MINING CORP.

FINANCIAL INSTRUMENTS

The Company adopted the CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement”. Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company’s financial instruments consist of cash, receivables, mineral tax credit recoverable, loans payable, accounts payable and due to related parties. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company has made the following classifications for the financial instruments:

- (i) Cash – held-for-trading; measured at fair value;
- (ii) Receivables and mineral tax credit receivable – loans and receivables; measured at amortized cost;
- (iii) Accounts payable, loan payable and due to related parties – other financial liabilities; recorded at amortized cost.

A net smelter royalty (“NSR”) is a form of derivative financial instrument. The fair value of the Company’s right to purchase a NSR is not determinable at the current stage of the Company’s exploration program. Therefore, no value has been assigned by management.

The Company has determined that it does not have derivatives or embedded derivatives. The Company does not use any hedging instruments.

The Company adopted CICA Handbook Section 3862, “Financial Instruments – Disclosures” which was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity disclosure. The additional fair value measurement disclosures include classification of financial inputs used in making the measurements, described as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has included the required disclosures in Note 11 to the consolidated financial statements.

The Company’s functional currency is the Canadian dollar, and the Company does not operate in foreign jurisdictions which could give rise to exposure to market risk from foreign currency rate changes.

ORESTONE MINING CORP.

RISK MANAGEMENT

Title to Mineral Properties:

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of Assets:

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements and possible aboriginal claims, and the attainment of successful production from the properties or from the proceeds of their disposition.

Mineral exploration and development is highly speculative and involves inherent risks. While rewards if a feasible ore body is discovered might be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that the current exploration programs by the Company will result in the discovery of economically viable quantities of ore.

OTHER MD&A DISCLOSURE REQUIREMENTS

Information available on SEDAR:

As specified by National Instrument 51-102, Orestone advises readers of this MD&A that important additional information about the Company is available on the SEDAR website (www.sedar.com).

Disclosure by venture issuer without significant revenue:

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates. An analysis of the material components of the mineral property and deferred exploration costs of the Company's mineral properties for its first two completed financial years is disclosed in Note 4 to the financial statements to which this MD&A relates.

Outstanding share data:

As at January 31, 2011, the issued and outstanding common shares of the Company totaled 48,079,913 which include 975,000 common shares held in escrow. As of May 31,

ORESTONE MINING CORP.

2011, the number of issued and outstanding shares has not changed. The significant increase in shares from January 31, 2010 (Intuitive – 22,568,581 shares) is due to the reverse takeover of Orestone by Intuitive on June 3, 2010.

On June 3, 2010, the Company issued 200,000 units at a fair value of \$10,000 as a finder's fee, pursuant to the RTO. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at \$0.15 per share for a period of 2 years.

On August 12, 2010, the Company issued 250,000 common shares at a fair value of \$7,500 for settlement of a loan payable.

In 2010, the Company issued 200,000 common shares at a fair value of \$14,000 pursuant to mineral property option agreements.

Options and Warrants:

The following options were outstanding as at January 31, 2011:

Number of Options	Exercise Price	Expiry Date
1,250,000	\$0.20	March 7, 2013
<u>500,000</u>	\$0.15	January 12, 2015
1,750,000		

The following warrants were outstanding as at October 31, 2010:

Number of Warrants	Exercise Price	Expiry Date
3,650,400	\$0.15	December 18, 2011
200,000	\$0.15	June 3, 2012
<u>3,850,000</u>		

Going concern issue:

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

ORESTONE MINING CORP.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Changeover Plan to International Financial Reporting Standards ("IFRS"):

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's financial statements will only be measured once all the IFRS applicable at the conversion date are known.

In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprised of three phases:

Phase description and status

- 1. Preliminary planning and scoping:* The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate.
- 2. Detailed impact assessment:* The Company's transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impacts of these changes on the Company and its financial statements, including expected dates of when such impacts are effective.
- 3. Implementation:* A detailed analysis of the difference between IFRS and the Company's accounting policies as well as an assessment of the impact of various alternatives are in progress. Changes in accounting policies are likely and may materially impact the Company's Financial Statements.

ORESTONE MINING CORP.

Cautionary Statement:

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 the Company’s other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, with limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. 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. 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, political and environmental risks.

Dated: May 31, 2011