



**ORESTONE MINING CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JULY 31, 2019**

**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 25, 2019 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, 2019 and the Company's audited consolidated financial statements for the year ended January 31, 2019 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 Captain Project, British Columbia, Canada*

On June 10, 2019, the Company announced that it began exploration at the Captain project to spot drill holes on the main Admiral porphyry target area and to meet with drilling and other contractors in preparation for the 2019 drill program.

On July 11, 2019, the Company announced that it received its 2019 Notice of Work Mineral Exploration Permit from the BC Ministry of Energy Mines and Petroleum Resources. The 5-year exploration permit encompasses 21 diamond drill hole sites and 17 km of Induced Polarization geophysical survey lines on the Admiral Au-Cu porphyry target and the Max Extension area.

On August 29, 2019, the Company announced that drilling had begun on the Captain gold-copper porphyry property. The program focuses on the Admiral target and is budgeted at \$400,000 and is planned to consist of 1,250 metres in five diamond drill holes to an approximate depth of 250 metres. The first 80 to 100 metres of overburden will be drilled with HW casing set into bedrock, followed by drilling HQ core. Subject to the rock type and alteration encountered, the drill rig will have all necessary supplies available for drilling to a depth of 700 metres.

*Resguardo Property, City of Copiapo, Chile*

On June 21, 2019, the Company announced that it began exploration on its Resguardo copper-gold Porphyry Project in Northern Chile. The Resguardo project is located 90 km NE of the City of Copiapo, Chile, covers 29 square km of mining concessions and can be explored year round. In 2019, exploration will consist of a program of geophysics followed by drilling.



### Corporate

On May 13, 2019, the Company announced the appointment of Mr. James Anderson to the Company's Board of Directors.

On June 3, 2019, the Company announced the appointment of Mr. Bruce Winfield as President. Mr. Hottman resigned from the position of President and remained as the Company's Chairman and CEO.

### **INTERIM PERIOD FINANCIAL CONDITION**

#### Capital Resources

During the six months ended July 31, 2019, the Company issued an aggregate of 808,334 common shares for gross proceeds of \$80,833 pursuant to the exercise of warrants.

On April 29, 2019, the Company completed a non-brokered private placement issuing 10,450,091 units ("Units") at a price of \$0.11 per Unit for aggregate gross proceeds of up to \$1,149,510 (the "Offering"). Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant will be exercisable for one common share of the Company at a price of \$0.15 for two years from the date of issuance. The Company paid a cash fee of \$25,846 of the proceeds of the Offering to certain arm's length finders.

On August 20, 2019, the Company closed the first tranche of a non-brokered private placement by issuing 1,573,750 units ("Unit") at a price of \$0.16 per Unit for gross proceeds of \$251,800, and on August 23, 2019 closed the second and final tranche of \$416,000 by issuing 2,600,000 units at a price of \$0.16 per Unit. Each Unit consists of one common share of the Company qualifying as a "flow through" share pursuant to the Income Tax Act (Canada) ("Flow Through Share") and one half of one common share purchase warrant, with each whole warrant being exercisable to purchase one (non flow through) common share of the Company at a price of \$0.22 until August 20, 2020 for the first tranche and until August 23, 2020 for the second tranche. Finders' fees amounting to \$26,040 were paid in connection with private placement.

On August 29, 2019, the Company granted directors, officers and consultants of the Company incentive stock options to purchase an aggregate of 300,000 common shares. The options are exercisable until August 28, 2024 at an exercise price of \$0.20 per share.

On September 3, 2019, the Company issued an aggregate of 200,000 common shares for gross proceeds of \$20,000 pursuant to the exercise of warrants.

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 2019. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

#### Liquidity

As at July 31, 2019, the Company had working capital of \$630,086 (January 31, 2019 – working capital deficiency of \$276,360). As at July 31, 2019, cash totaled \$600,034, an increase of \$551,685 from \$48,349 as at January 31, 2019. The increase was due to (a) the net proceeds from financing activities of \$1,144,001 while being offset by (b) operating expenses of \$549,521 and (c) exploration and evaluation assets expenditures of \$42,795.



### Operations

#### **For the three months ended July 31, 2019 compared with the three months ended July 31, 2018:**

The Company recorded a comprehensive loss for the three months ended July 31, 2019 of \$182,848 (loss per share - \$0.01) compared to a comprehensive loss of \$88,113 (loss per share - \$0.01) for the three months ended July 31, 2018.

Excluding the non-cash share-based compensation of \$73,701 (2018 - \$22,932), the expenses amounted to \$132,378 (2018 - \$65,181), an increase of \$67,197. The change in the expenses was mainly due to increases in: (a) salaries and consulting fees (2019 - \$55,093; 2018 - \$37,696); (b) office expenditures (2019 - \$12,237; 2018 - \$5,502); (c) professional fees (2019 - \$15,016; 2018 - \$9,827) and (d) investor relations (2019 - \$34,637; 2018 - \$798). All such increases are because the Company was active in preparing the drill program at its Captain project and completing the private placements. The increases were offset by a decrease in filing fees (2019 - \$5,429; 2018 - \$6,353).

#### **For the six months ended July 31, 2019 compared with the six months ended July 31, 2018:**

The Company recorded a comprehensive loss for the six months ended July 31, 2019 of \$277,267 (loss per share - \$0.02) compared to a comprehensive loss of \$167,829 (loss per share - \$0.01) for the six months ended July 31, 2018.

Excluding the non-cash share-based compensation of \$82,507 (2018 - \$35,871), the expenses amounted to \$217,991 (2018 - \$131,958), an increase of \$86,033. The change in the expenses was mainly due to increases in: (a) salaries and consulting fees (2019 - \$88,581; 2018 - \$55,487); (b) travel expenditures (2019 - \$18,836; 2018 - \$Nil); (c) professional fees (2019 - \$28,117; 2018 - \$19,220) and (d) investor relations (2019 - \$37,468; 2018 - \$1,282). All such increases are because the Company was active in preparing the drill program at its Captain project and completing the private placements. The increases were offset by decreases in filing fees (2019 - \$12,823; 2018 - \$13,913) and project search expenses (2019 - \$14,966; 2018 - \$28,738).

### **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, 2019 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, 2019 and September 25, 2019:

	Issued and outstanding	
	July 31, 2019	September 25, 2019
Common shares outstanding	23,804,533	28,178,283
Stock options	2,050,000	2,350,000
Warrants	13,633,424	15,520,299
Fully diluted common shares outstanding	39,487,957	46,048,582

## QUALIFIED PERSON

The technical information reported in this MD&A has been reviewed and approved by Mr. Gary Nordin P. Geo., the Company's Senior Consulting Geologist. Mr. Nordin is a Professional Geoscientist and member of the Professional Engineers and Geoscientist Association of British Columbia (APGEBBC) 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.