



ORESTONE MINING CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE NINE MONTHS ENDED OCTOBER 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 December 27, 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 nine months ended October 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, and/or on the Company's website at www.orestone.ca.

MAJOR INTERIM PERIOD OPERATING MILESTONES

The Captain Property, British Columbia, Canada

On June 10, 2019, the Company announced that it began exploration at the Captain property 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 property. The program focused on the Admiral target and was 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 were to be drilled with HW casing set into bedrock, followed by drilling HQ core. Subject to the rock type and alteration encountered, the drill rig was to have all necessary supplies available for drilling to a depth of 700 metres.

On November 20, 2019, the Company announced assays received from the Company's 2019 drilling program at the Captain property. A total of 1,900 metres of drilling in 7 holes was completed in the Admiral Target and target T2, one of 9 large strong magnetic anomalies outlined at the Captain property.

Hole C19-07 located two kilometres southeast of the Admiral Target was drilled into the western portion of target T2 intersecting a monzonite porphyry with very fine-grained disseminated pyrite - chalcopyrite mineralization over 91 metres grading 0.26 g/t gold and 0.065% copper from 112 m - 203.3 m including 24 metres grading 0.56g/t gold and 0.112 % copper from 178.9 m - 203.3 m. Hole 19-07 was drilled to undercut hole 13-02 located 200 m to the south which intersected 48.8 metres grading 0.35 g/t gold and 0.055% copper at the end of the hole (open to depth). Total thickness of the mineralized monzonite



porphyry and altered volcanics is estimated at 140 metres with a combined average grade of 0.29 g/t gold and 0.062% copper. The T2 magnetic high target measures 200 m x 700 m.

Drilling in the Admiral Target was unsuccessful at locating the source of the mineralized xenolith (IP high target) within the post mineral dyke (PMD) intersected in drill hole C13-03. Drill holes C19-02 and C19-05 intersected chlorite altered volcanics on the north and west side of the PMD and drill holes C19-03, C19-04 and C19-06 on the northern and southern margin of the PMD intersected sericite altered monzonite with fine disseminated pyrite. Drill hole C19-03 immediately south of the PMD did intersect a sericite altered monzonite sill and andesite from 265.6 m to 295 m (30 metres) grading 0.24 g/t Au and 818 ppm copper, which remains open to depth.

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 consisted of a program of geophysics, mapping and geochemical sampling.

On September 17, 2019, the Company announced the results of IP/Resistivity geophysical survey on its Resguardo Project in the Copiapo District of Northern Chile. The survey was designed to test the potential for copper-gold porphyry or manto style mineralization below historic surface workings. A total of 8 kilometres of IP/Resistivity was completed in four lines, each of which was 2000 m length.

A large chargeability anomaly was outlined at a depth of 150 to 250m below surface with values greater than 12mV/V over a strike of 1400 metres and width of 500-800 metres. A central core of greater than 20 mV/V over a strike length of 1100 metres and width of 300-600 metres shows values up to 45mV/V and the anomaly remains open to depth.

In addition the most western line of the survey located 1000 metres west of the IP anomaly has outlined a broad IP chargeability anomaly of +9.5 mV/V over a 600 metre width open to the west indicating that there may be another target area requiring expansion of the IP/Resistivity geophysical coverage.

On November 25, 2019, the Company announced that the Company through its newly formed Chilean subsidiary Cerro Golpe de Rayo SpA, continued its exploration program on the Resguardo property in northern Chile. The program further defined potential for porphyry and manto style copper-gold mineralization at a shallow depth. Work consisted of detailed mapping, sampling of outcrops and systematic geochemical sampling.

Copper-gold mineralization occurs as dissemination's and fracture coatings within a 50-100 metre wide zone along a strike length of 1500 metres, open to the southwest. Where favorable flat lying carbonate beds occur, copper-gold manto-skarn mineralization is present up to 20 metres in thickness. Historically near-surface oxide copper grading 1% to 7% and approximately 0.50 g/t gold was mined intermittently from pits and tunnels. Although sampling is believed to have been competently carried out, it was not certified by a professional geologist, therefore the results are not NI 43-101 compliant and cannot be relied upon.

Orestone believes these historic workings to be peripheral to, and may represent leakage from, a large copper-gold porphyry or manto system at a shallow depth. This model is supported by the results of a recently completed Induced Polarization (IP) survey geophysical program detailed in the Company's news release of September 17, 2019.



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 nine months ended October 31, 2019, the Company issued an aggregate of 1,008,334 common shares for gross proceeds of \$100,833 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 is 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.

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 October 31, 2019, the Company had working capital of \$326,054 (January 31, 2019 – working capital deficiency of \$276,360). As at October 31, 2019, cash totaled \$512,347, an increase of \$463,998 from \$48,349 as at January 31, 2019. The increase was due to (a) the net proceeds from financing activities of \$1,791,901 while being offset by (b) operating expenses of \$756,215 and (c) exploration and evaluation assets expenditures of \$571,688



Operations

For the three months ended October 31, 2019 compared with the three months ended October 31, 2018:

The Company recorded a comprehensive loss for the three months ended October 31, 2019 of \$199,801 (loss per share - \$0.01) compared to a comprehensive loss of \$95,583 (loss per share - \$0.01) for the three months ended October 31, 2018.

Excluding the non-cash share-based compensation of \$31,883 (2018 - \$28,146), the expenses amounted to \$165,419 (2018 - \$67,634), an increase of \$97,785. The change in the expenses was mainly due to increases in: (a) salaries and consulting fees (2019 - \$66,392; 2018 - \$36,447); (b) office expenditures (2019 - \$16,745; 2018 - \$4,667); (c) professional fees (2019 - \$24,853; 2018 - \$16,472); (d) investor relations (2019 - \$17,815; 2018 - \$5,966) and (e) marketing (2019 - \$20,975; 2018 - \$Nil). All such increases are because the Company was active in carrying out the exploration programs at its Captain property and Resguardo property, as well as completing the private placement. The increases were offset by a decrease in project search (2019 - \$830; 2018 - \$3,015).

For the nine months ended October 31, 2019 compared with the nine months ended October 31, 2018:

The Company recorded a comprehensive loss for the nine months ended October 31, 2019 of \$477,068 (loss per share - \$0.02) compared to a comprehensive loss of \$263,412 (loss per share - \$0.02) for the nine months ended October 31, 2018.

Excluding the non-cash share-based compensation of \$114,390 (2018 - \$64,017), the expenses amounted to \$383,410 (2018 - \$199,592), an increase of \$183,818. The change in the expenses was mainly due to increases in: (a) salaries and consulting fees (2019 - \$154,973; 2018 - \$91,934); (b) travel expenditures (2019 - \$28,413; 2018 - \$Nil); (c) professional fees (2019 - \$52,970; 2018 - \$35,692); (d) investor relations (2019 - \$55,283; 2018 - \$7,248); (e) office expenses (2019 - \$33,945; 2018 - \$17,985) and (f) marketing (2019 - \$20,975; 2018 - \$Nil). All such increases are because the Company was active in carrying out the exploration programs at its Captain property and Resguardo property, as well as completing the two private placements. The increases were offset by a decrease in project search expenses (2019 - \$15,796; 2018 - \$31,753).

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 October 31, 2019 and December 27, 2019:

	Issued and outstanding	
	October 31, 2019	December 27, 2019
Common shares outstanding	28,178,283	28,178,283
Stock options	2,350,000	2,250,000
Warrants	12,536,966	12,536,966
Fully diluted common shares outstanding	43,065,249	42,965,249

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 (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.