



ORESTONE MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED APRIL 30, 2021

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 June 29, 2021 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 three months ended April 30, 2021 and the Company's audited consolidated financial statements for the year ended January 31, 2021 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 Project, British Columbia, Canada

On February 3, 2021, the Company announced that results from drill hole C20-03 of the 2020 drill program and re-logging and interpretation of previous drill holes C12-03 and C19-03 had outlined a large highly potassic-sericite altered monzonite gold-copper mineralized porphyry system. The mineralized potassic-sericite altered latite volcanics cut by monzonite dyke was intersected in all three holes at a depth of 170 to 270m beneath a 30 to 100m thick layer of glacial till and a 100-150m thick phyllic altered cap. The porphyry system is also associated with a distinctive magnetic low measuring 600m x 1300m surrounded by a crescent shaped magnetic high associated with propylitic altered diorite/monzonite and, on the SW a magnetic alkaline porphyry system.

On March 9, 2021, the Company announced that a review of the Induced Polarization ("IP") geophysical survey from 2016 for the Captain Property had yielded positive results supporting the exploration model of a large scale calc-alkaline gold-copper porphyry system. Additionally, to complete the magnetic survey coverage for the property, a small helicopter borne magnetics program was being carried out with readings collected on 100 metre spaced lines.

The 2016 survey consisted of 8 line kilometers of IP/Resistivity on 4 lines of 2 kilometres each spaced at 400 metres. The survey was designed to test for the source of a 3 metre sulphide rich mineralized xenolith of potassic-sericite altered monzonite/syenite intrusive intersected in drill hole C13-03 which assayed 1.9 g/t gold, 11 g/t silver and 0.226 % copper within an otherwise unaltered and barren post mineral dyke. Review of the survey by Orestone geologist G. Nordin in consultation with the Company's geophysical services consultant, A. Walcott of Peter E. Walcott and Associates confirmed the presence of a large scale strong IP chargeability anomaly coincident with the western portion of the interpreted Captain gold-copper calc-alkaline porphyry system. The survey results are also consistent with the model of a sulphide rich porphyry body beneath a 30 to 100m layer of glacial till and a 100-150m phyllic altered cap.



On April 7, 2021, the Company announced that all contractors had been selected and retained to carry out the 2021 Phase I drill program at the Captain Property. Equipment was mobilized with drilling started in mid-April 2021. The exploration model at Captain is a large scale potassic-sericite altered calc-alkaline gold-copper porphyry target. The drill program to consist of 1,000 to 2,000 meters of core drilling in 2 – 3 holes was budgeted at \$300,000 to \$600,000 and designed to follow up and test for calcalkaline porphyry mineralization intersected in holes C13-03 and C19-03. Hole C13-03 intersected a 3 meter sulphide rich mineralized xenolith of monzonite/syenite intrusive which assayed 1.9 g/t gold, 11 g/t silver and 0.23 % copper within an otherwise unaltered and barren post mineral dyke. Hole C19-03, located 250m south of C13-03 intersected a visually identical syenite dyke cutting altered latite volcanics at 271m with the bottom 24m of the hole (271m – 295m) grading 0.27 g/t gold, 3.26 g/t silver and 0.09 % copper. The hole ended at 296m in mineralization grading 0.49 g/t gold, 3.0 g/t silver and 0.11 % copper, which remains open to depth.

On June 17, 2021, the Company announced that two diamond drill holes intersected a thick tabular zone of gold-copper mineralized kspars (potassic) altered latite volcanics cut by an altered monzonite dyke within a large magnetic low anomaly. Drill holes C21-01 and C21-02 spaced 815 metres apart, were drilled to depths of 821 and 611 metres respectively. The holes targeted a gold-copper porphyry and both holes intersected thick tabular potassic-sericite altered replacement zones with wide gold-copper mineralized sections.

These drill holes combined with hole C20-03 have outlined a tabular, sericite altered envelop 500 metres thick along a strike length of 800 metres, a width in excess of 1000 metres, and open to the east (500m x 800m x1000m). This represents a large volume of intensely hydrothermally altered latite/monzonite volcanic rocks with thick zones of potassic alteration containing gold-copper mineralization: two 82-85 metre thick zones in the north; and a 90 metre thick zone in the south. This environment indicates the presence of a large gold-copper porphyry system with the lower intersection in drill hole C21-02 (22 metres grading 0.70g/t gold from 414 metres) indicating the potential for higher grade within the mineralized system.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

During the three months ended April 30, 2021, 10,005,545 warrants expired unexercised.

On March 23, 2021, the Company completed a non-brokered private placement of units (“Units”) and flow-through common shares (“Flow-Through Shares”) for \$1,854,470 (the “Offering”). In part “A” of the Offering, the Company issued 10,228,556 Units at a price of \$0.09 per Unit for gross proceeds of \$920,570. Each Unit consisted of one common share of the Company (“Common Share”) and one common share purchase warrant (“Warrant”). Each Warrant is exercisable for one Common Share at a price of \$0.15 until March 23, 2022. In part “B” of the Offering, the Company issued 7,183,847 Flow-Through Shares at a price of \$0.13 per Flow-Through Share for gross proceeds of \$933,900. The Warrants were ascribed a value of \$368,228 under the Black-Scholes valuation model with the residual allocated to share capital. Finders’ fees amounting to \$61,846 were paid in connection with the Offering. The Company also incurred another \$16,486 share issue costs related to this Offering.

On March 2, 2021, the Company granted 400,000 stock options to a consultant of the Company that can be exercised at \$0.12 per share until March 2, 2023. These options vest 25% every quarter following the date of grant.



On April 1, 2021, the Company granted 1,615,000 stock options to directors, officers and consultants of the Company that can be exercised at \$0.12 per share until April 1, 2026. These options vest 25% immediately and 25% every quarter following the date of grant.

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 2021. If the market conditions prevail or improve, the Company will make adjustments to budgets accordingly.

Liquidity

As at April 30, 2021, the Company had working capital of \$1,022,892 (January 31, 2021 – working capital deficiency of \$146,850). As at April 30, 2021, cash totaled \$1,341,210, an increase of \$1,271,491 from \$69,719 as at January 31, 2021. The increase was due to (a) net proceeds received from share issuances of \$1,777,802 and (b) an increase in the IVA receivable of \$1,770, while being offset by (c) operating expenses of \$169,551 and (d) exploration and evaluation assets expenditures of \$338,530.

Operations

For the three months ended April 30, 2021 compared with the three months ended April 30, 2020:

The Company recorded a comprehensive loss for the three months ended April 30, 2021 of \$341,469 (loss per share - \$0.01) compared to a comprehensive loss of \$104,868 (loss per share - \$0.00) for the three months ended April 30, 2020.

Excluding the non-cash share-based compensation of \$277,665 (2020 – non-cash share-based compensation of \$5,024), the expenses amounted to \$122,758 (2020 - \$101,714), an increase of \$21,044. The change in the expenses was mainly due to increases in: (a) filing fees (2021 - \$15,368; 2020 - \$6,277); (b) investor relations (2021 - \$21,585; 2020 - \$14,169) and (c) professional fees (2021 - \$19,159; 2020 - \$11,302). All such increases occurred because the Company was active in carrying out the exploration program at its Captain property and completing the private placement. The increases were offset by a decrease in (a) marketing expenses (2021 - \$Nil; 2020 - \$5,743) and travel expenses (2021 - \$1,116; 2020 - \$2,136).

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, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our MD&A filed on SEDAR May 31, 2021 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 April 30, 2021 and June 29, 2021:

	Issued and outstanding	
	April 30, 2021	June 29, 2021
Common shares outstanding	56,660,232	56,660,232
Stock options	5,405,000	5,405,000
Warrants	20,853,556	20,853,556
Fully diluted common shares outstanding	82,918,788	82,918,788

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 Association of Professional Engineers and Geoscientists of the Province 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.