



**ORESTONE MINING CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2022**

**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 21, 2022 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, 2022 and the Company’s audited consolidated financial statements for the year ended January 31, 2022 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 February 17, 2022, the Company announced that the Phase I drill program had been completed on the Captain Property. The program consisted of one NQ size diamond core C22-01 drilled to a total depth of 774 meters. A total of 89 samples were shipped to Activation Laboratories Ltd. for analysis.

On April 6, 2022, the Company announced the results of its January 2022 drilling program at the Captain Property. Hole C22-01 was drilled to the east of a major northwest trending fault to test an inferred porphyry intrusive target indicated by a large, highly conductive geophysical MT anomaly at a depth of 500 metres. The hole intersected a barren andesite volcanic and volcanoclastic sequence to 675 metres followed by highly conductive graphitic sediments to a total depth of 774 metres. A 75-metre-thick potassic altered porphyry sill with disseminated sulphides was intersected at the volcanic-sediment contact, however carried only background gold-copper values.

Orestone’s interpretation based on the results of drill hole C22-01, is that the major northwest trending fault both truncated the gold-copper mineralization to the west as well as uplifted by an estimated 450 metres, the sequence of andesitic volcanics, volcanoclastics, and the underlying graphic sediments. The sediments are interpreted as being responsible for the highly conductive MT anomaly.

On September 7, 2022, the Company announced that it had increased the size of the Captain property by over 80 percent. The additional claims, located primarily to the south of the claim group, covering 4,418.75 hectares, were acquired from an arms-length third party for a cash consideration of \$26,000 and a 1 percent Net Smelter Royalty (NSR) on gold produced from the acquired property.

On September 12, 2022, the Company announced that it had completed an airborne MobileMT geophysical survey on the Captain gold-copper project. The Magnetotelluric survey collected electromagnetic (EM) and magnetic data to a depth of 2 kilometers to more precisely define resistivity lows associated with gold-copper porphyry systems present on the Property. The survey, done by Expert Geophysics Limited, covered 40 square kilometers and cost \$52,000.



On October 18, 2022, the Company released the results of its airborne magnetotellurics (MobileMT) survey at the Captain property which confirms and better defines the large gold dominant porphyry T1 target. The T1 target is one of three distinct low resistivity-high conductivity zones within a prominent five kilometre long trend outlined at the Captain Project. The MobileMT survey was very successful in defining the outline of the T1 low resistivity zone associated with the sulphide related gold-copper mineralization initially identified by Induced Polarization (IP) surveys, magnetic geophysical surveys and drilling. The T1 target is a large, well defined drill ready dominate gold porphyry opportunity. Planning for the next phase of drilling is underway.

The central portion of the low resistivity-high conductivity zone known as the T1 target is untested by drilling to date and lies in the centre of a large scale alteration halo measuring 2,000 by 2,000 metres. The core of the T1 resistivity anomaly measures 500 x 1,000 metres at a depth of 900 metres below surface increasing in size to 1,500 x 1,500 metres over a 1,000 metre vertical profile and remains open to depth below 1,900 metres.

The alteration and gold-copper mineralization defined to date at T1 is interpreted to be related to a sulphide rich intrusive body at depth which was responsible for the sericite-potassium feldspar (kspar) alteration and the extensive fine-grained sulphides with gold-copper mineralization intersected in previous wide spaced drill holes. Seven fringing drill holes have outlined the zone by defining a 200-500 metre thick tabular zone of phyllic alteration hosting zones of sericite-kspar alteration containing gold-copper mineralization from 20-160 metres thick grading 0.20 to 0.84 g/t gold and 0.05-0.11 percent (500-1,100 ppm) copper (see table below).

| Drill Hole | From  | To    | Interval m | g/t gold | % copper |
|------------|-------|-------|------------|----------|----------|
| C09-05     | 134.1 | 137.2 | 3.1        | 0.35     | 0.16     |
| C11-01     | 127.0 | 214.0 | 87.0       | 0.23     | 0.03     |
| incl       | 127.0 | 170.0 | 43.0       | 0.30     | 0.09     |
| C12-03     | 179.5 | 246.5 | 67.0       | 0.13     | 0.06     |
| C12-05     | 88.1  | 206.9 | 118.8      | 0.65     | 0.06     |
| (1)        | 88.1  | 206.9 | 118.8      | 0.30     | 0.06     |
| incl       | 152.1 | 161.2 | 9.1        | 6.46     | 0.27     |
| C12-05     | 377.6 | 542.2 | 164.6      | 0.41     | 0.07     |
| (1)        | 377.6 | 542.2 | 164.6      | 0.32     | 0.07     |
| incl       | 499.5 | 505.6 | 6.1        | 4.45     | 0.51     |
| C13-02     | 32.4  | 66.4  | 34.0       | 0.20     | 0.07     |
| C13-02     | 121.3 | 170.1 | 48.8       | 0.35     | 0.06     |
| C13-03     | 204.9 | 207.9 | 3.0        | 1.90     | 0.23     |
| C19-03     | 271.0 | 295.0 | 24.0       | 0.27     | 0.09     |
| C19-07     | 112.0 | 203.3 | 91.0       | 0.26     | 0.07     |
| incl       | 178.9 | 203.3 | 24.0       | 0.56     | 0.11     |
| C20-03 (2) | 247.0 | 329.0 | 82.0       | 0.23     | 0.11     |
| incl (2)   | 309.0 | 329.0 | 20.0       | 0.50     | 0.19     |
| incl       | 325.0 | 327.0 | 2.0        | 7.05     | 0.26     |
| C20-03     | 394.0 | 408.0 | 14.0       | 0.84     | 0.17     |
| C21-01     | 541.0 | 577.0 | 36.0       | 0.26     | 0.05     |
|            | 656.7 | 742.4 | 85.7       | 0.37     | 0.06     |
| C21-02     | 223.0 | 313.0 | 90.0       | 0.20     | 0.01     |
|            | 414.0 | 436.0 | 22.0       | 0.70     | 0.01     |

In summary, the T1 target is one of three large anomalies along the five km strike length of the low resistivity trend on the Captain property and based on previous drilling T1 is a gold dominant porphyry target. The outline of T1 in the MobileMT low resistivity-high conductivity area of approximately one cubic kilometre (1km<sup>3</sup>) in size indicates that there is more than enough room to encounter some considerable tonnage. Planning for the next phase of drilling on the T1 porphyry target is in progress. This is a robust opportunity to create shareowner wealth through successful exploration.



## INTERIM PERIOD FINANCIAL CONDITION

### Capital Resources

During the nine months ended October 31, 2022, 10,625,000 warrants expired unexercised.

On November 22, 2002, 350,000 options expired unexercised.

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 2022. If the market conditions prevail or improve, the Company will make adjustments to budgets accordingly.

### Liquidity

As at October 31, 2022, the Company had working capital of \$171,230 (January 31, 2022 – \$558,212). As at October 31, 2022, cash totaled \$227,088, a decrease of \$526,708 from \$753,796 as at January 31, 2022. The decrease was due to (a) operating expenses of \$356,214 and (b) exploration and evaluation assets expenditures of \$170,509 while being offset by the proceeds of sale of marketable securities of \$15.

### Operations

#### **For the three months ended October 31, 2022 compared with the three months ended October 31, 2021:**

The Company recorded a comprehensive loss for the three months ended October 31, 2022 of \$84,993 (loss per share - \$0.00) compared to a comprehensive loss of \$40,056 (loss per share - \$0.00) for the three months ended October 31, 2021.

Excluding the non-cash share-based compensation of \$Nil (2021 – non-cash share-based compensation reversal of \$46,237), the expenses amounted to \$88,118 (2021 - \$86,584), an increase of \$1,534. The change in the expenses was mainly due to increases in: (a) professional fees (2022 - \$30,754; 2021 - \$15,051); and (b) marketing expenses (2022 - \$4,795; 2021 - \$Nil). The increases were offset by decreases in: (a) salaries, benefits and consulting fees (2022 - \$41,429; 2021 - \$51,058), (b) office, rent and miscellaneous expenses (2022 - \$9,558; 2021 - \$13,467), (c) filing fees (2022 - \$679; 2021 - \$3,228), (d) investor relations expenses (2022 - \$903; 2021 - \$2,371), and (e) travel expenses (2022 - \$Nil; 2021 - \$1,409).

#### **For the nine months ended October 31, 2022 compared with the nine months ended October 31, 2021:**

The Company recorded a comprehensive loss for the nine months ended October 31, 2022 of \$216,473 (loss per share - \$0.00) compared to a comprehensive loss of \$452,160 (loss per share - \$0.01) for the nine months ended October 31, 2021.

Excluding the non-cash share-based compensation of \$Nil (2021 – \$199,013), the expenses amounted to \$253,415 (2021 - \$326,128), a decrease of \$72,713. The change in the expenses was mainly due to decreases in: (a) salaries, benefits and consulting fees (2022 - \$133,460; 2021 - \$162,891), (b) investor relations expenses (2022 - \$3,151; 2021 - \$54,872), (c) filing fees (2022 - \$9,805; 2021 - \$19,713), and (d) office, rent and miscellaneous expenses (2022 - \$30,440; 2021 - \$34,107). All such decreases



occurred because the Company was actively preserving cash. The decreases were offset by an increase in (a) professional fees (2022 - \$68,115; 2021 - \$51,968), (b) marketing expenses (2022 - \$4,795; 2021 - \$Nil), and (c) travel expenses (2022 - \$3,649; 2021 - \$2,577).

### **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, 2022 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, 2022 and as at the date of this MD&A:

|   | Issued and outstanding |                   |
|---|------------------------|-------------------|
|   | October 31, 2022       | December 21, 2022 |
| Common shares outstanding               | 56,660,232             | 56,660,232        |
| Stock options                           | 4,870,000              | 4,520,000         |
| Fully diluted common shares outstanding | 61,530,232             | 61,180,232        |

### **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 (APGEB) 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.