



## ORESTONE MINING CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED APRIL 30, 2020

#### 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, 2020 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, 2020 and the Company's audited consolidated financial statements for the year ended January 31, 2020 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 Property, British Columbia, Canada*

On February 10, 2020, the Company announced that it had filed an amended Notice of Work (NOW) application with the BC Ministry of Energy Mines and Petroleum Resources for an additional 26 drill hole sites at its Captain gold-copper porphyry property located in north central British Columbia. The additional drill hole sites target 18 magnetic anomalies located on the east and west flanks of a central magnetic diorite intrusive; 16 holes are planned to test 11 anomalies on the west and 10 holes to test 7 anomalies on the east.

Previous drilling on two of the eastern anomalies in 2012 and 2019 intersected three intervals of 90 to 164 metres in length of highly altered volcanics and alkaline porphyry dykes with values averaging 0.30 g/t gold and 0.06 % copper. In Hole C12-05 intervals of 6.1 and 9.1 metres adjacent to the porphyry dykes encountered higher grades of 4.45g/t and 6.46 g/t gold with 0.51% and 0.27% copper respectively.

##### *Resguardo Property, City of Copiapo, Chile*

On May 7, 2020, the Company announced that it was actively engaged in property visits by contractors from three drill companies and two road construction contractors for bidding on the contract. Once a selection is made, the Company will be in a position to drill test the Resguardo target as government acceptance of the Company's exploration plan has already been in accepted.

On June 18, 2020, the Company announced that it has signed contracts with Perfo-Chile Ltda., Araya Hermanos SA and others to prepare for and carry out a reverse circulation drilling program at the Resguardo property.

In preparation for drilling Araya Hermanos SA would improve the existing road infrastructure on the property and complete minor drill pad construction. Access to the drill area from provincial highway No. 31 is provided by the 4.5-kilometre road used historically for exploration and small-scale copper-gold mining.



Upon completion of the drill pads, Perfo-Chile Ltda. would complete a minimum of 1,200 metres of reverse circulation drilling in up to five drill holes. Drilling will test a strong IP (induced polarization) chargeability anomaly outlined over a strike length of 1,400 metres, a width of 500 to 800 metres, and at a depth of 150 to 200 metres. There is a central core of greater than 20 millivolts per volt over a strike length of 1,100 metres and a width of 300 to 600 metres.

### Corporate

During these extraordinary times of travel restrictions, the closing of non-essential businesses and stay-at-home orders around the globe due to the COVID-19 viral pandemic, the Company's management team continues to advance its two primary assets, albeit at a more modest pace. The Company continues to encourage its staff and contractors to work from home, where possible, and to practice correct social distancing at the property sites, and is using this time to focus on initiatives that can be achieved efficiently.

## **INTERIM PERIOD FINANCIAL CONDITION**

### Capital Resources

On June 1, 2020, the Company completed a non-brokered private placement issuing 10,650,000 units ("Unit") at a price of \$0.08 per Unit for gross proceeds of \$850,000. Each Unit consisted 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 \$0.12 for two years from the date of issuance. If the closing trading price of the shares on the TSX Venture Exchange (or such other stock exchange on which the shares may be listed) is at or greater than \$0.25 per share for any 20 consecutive trading days at any time commencing four (4) months after the Closing Date, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the earlier of (a) the 10th trading day after the date on which such notice is given by the Company and (b) the original expiry date of the warrants. No finders' fees were paid in connection with the private placement.

On June 8, 2020, the Company granted 1,150,000 stock options to its directors, officers and consultants at an exercise price of \$0.12 for a period of 5 years expiring on June 8, 2025

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 2020. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

### Liquidity

As at April 30, 2020, the Company had working capital of \$98,342 (January 31, 2020 – working capital \$161,797). As at April 30, 2020, cash totaled \$110,941, a decrease of \$48,478 from \$159,419 as at January 31, 2020. The decrease was due to (a) operating expenses of \$85,367 and (b) exploration and evaluation assets expenditures of \$15,111 while being offset by (c) proceeds received from share subscription of \$52,000.



## Operations

### **For the three months ended April 30, 2020 compared with the three months ended April 30, 2019:**

The Company recorded a comprehensive loss for the three months ended April 30, 2020 of \$104,868 (loss per share - \$0.00) compared to a comprehensive loss of \$94,419 (loss per share - \$0.01) for the three months ended April 30, 2019.

Excluding the non-cash share-based compensation of \$5,024 (2019 - \$8,806), the expenses amounted to \$101,714 (2019 - \$85,613), an increase of \$16,101. The change in the expenses was mainly due to increases in: (a) salaries and consulting fees (2020 - \$51,199; 2019 - \$33,488); (b) office expenditures (2020 - \$10,888; 2019 - \$4,963); (c) investor relations (2020 - \$14,169; 2019 - \$2,831) and (e) marketing (2020 - \$5,743; 2019 - \$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: (a) project search (2020 - \$Nil; 2019 - \$5,000); (b) professional fees (2020 - \$11,302; 2019 - \$13,101) and (c) travel expenses (2020 - \$2,136; 2019 - 18,836).

### **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 29, 2020 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, 2020 and June 29, 2020:



	Issued and outstanding	
	April 30, 2020	June 29, 2020
Common shares outstanding	28,178,283	38,803,283
Stock options	2,250,000	3,400,000
Warrants	12,536,966	23,161,966
Fully diluted common shares outstanding	42,965,249	65,365,249

## 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 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.