



**ORESTONE MINING CORP.**  
*(An Exploration Stage Company)*

**Condensed Consolidated Interim Financial Statements  
(Unaudited)**

**For the nine months ended  
October 31, 2019**

Orestone Mining Corp.  
Suite 407 – 325 Howe Street  
Vancouver, British Columbia, Canada V6C 1Z7

Trading Symbol: ORS  
Telephone: 604-629-1929



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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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In accordance with National instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Note	October 31, 2019	January 31, 2019
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 512,347	\$ 48,349
Marketable securities	4	63	33
Receivables	8	66,246	1,080
Prepaid expenses	8	32,783	5,055
		<u>611,439</u>	<u>54,517</u>
<b>Non-current</b>			
Exploration and evaluation assets	5	2,320,185	1,493,376
Reclamation bonds	5	29,000	29,000
		<u>2,349,185</u>	<u>1,522,376</u>
		<u>2,960,624</u>	<u>1,576,893</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		258,673	141,797
Due to related parties	8	26,712	189,080
		<u>285,385</u>	<u>330,877</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	7,559,093	6,317,718
Shares subscribed	6	-	35,000
Reserves	6	2,371,115	1,671,199
Deficit		(7,254,969)	(6,777,901)
		<u>2,675,239</u>	<u>1,246,016</u>
		<u>\$ 2,960,624</u>	<u>\$ 1,576,893</u>

**Nature of Operations and Going Concern (Note 1)**

These consolidated financial statements are authorized for issue by the Board of Directors on December 27, 2019. They are signed on the Company's behalf by:

***"David Hottman"***

David Hottman, Director

***"Gary Nordin"***

Gary Nordin, Director

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars; Unaudited)

	Note	For the three months ended October 31		For the nine months ended October 31	
		2019	2018	2019	2018
Expenses					
Filing fees		\$ 8,232	\$ 1,067	\$ 21,055	\$ 14,980
Investor relations		17,815	5,966	55,283	7,248
Marketing		20,975	-	20,975	-
Office, rent and miscellaneous	8	16,745	4,667	33,945	17,985
Project search		830	3,015	15,796	31,753
Professional fees	8	24,853	16,472	52,970	35,692
Salaries, benefits and consulting fees	8	66,392	36,447	154,973	91,934
Share-based payments	8	31,883	28,146	114,390	64,017
Travel	8	9,577	-	28,413	-
		<u>197,302</u>	<u>95,780</u>	<u>497,800</u>	<u>263,609</u>
Other items					
Foreign exchange loss		2,699	-	2,699	-
Gain on debt settlement		-	-	(23,231)	-
Interest income		(200)	(197)	(200)	(197)
		<u>2,499</u>	<u>(197)</u>	<u>(20,732)</u>	<u>(197)</u>
Net loss before income taxes		<u>199,801</u>	<u>95,583</u>	<u>477,068</u>	<u>263,412</u>
Total comprehensive loss for the period		<u>\$ 199,801</u>	<u>\$ 95,583</u>	<u>\$ 477,068</u>	<u>\$ 263,412</u>
Basic and diluted loss per share		<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars)

	Share capital			Reserves				Total shareholders' equity
	Number of shares	Amount	Shares subscribed	Warrants	Agent's Warrants	Share-based payments	Deficit	
<b>Balance as at January 31, 2018 (Audited)</b>	11,546,108	\$ 6,244,948	\$ -	\$ 856,078	\$ 98,399	\$ 608,725	\$ (6,390,403)	\$ 1,417,747
Shares issues:								
Private placement	1,000,000	81,169	-	18,831	-	-	-	100,000
Share issuance costs	-	(8,399)	-	-	-	-	-	(8,399)
Share-based payments	-	-	-	-	-	64,017	-	64,017
Net loss and comprehensive loss	-	-	-	-	-	-	(263,412)	(263,412)
<b>Balance as at October 31, 2018 (Unaudited)</b>	12,546,108	6,317,718	-	874,909	98,399	672,742	(6,653,815)	1,309,953
Share-based payments	-	-	-	-	-	25,149	-	25,149
Share subscription	-	-	35,000	-	-	-	-	35,000
Net loss and comprehensive loss	-	-	-	-	-	-	(124,086)	(124,086)
<b>Balance as at January 31, 2019 (Audited)</b>	12,546,108	6,317,718	35,000	874,909	98,399	697,891	(6,777,901)	1,246,016
Shares issues:								
Private placement	14,623,841	1,200,316	(35,000)	616,994	-	-	-	1,782,310
Share issuance costs	-	(91,242)	-	-	-	-	-	(91,242)
Exercise of warrants	1,008,334	132,301	-	(31,468)	-	-	-	100,833
Share-based payments	-	-	-	-	-	114,390	-	114,390
Net loss and comprehensive loss	-	-	-	-	-	-	(477,068)	(477,068)
<b>Balance as at October 31, 2019 (Unaudited)</b>	<b>28,178,283</b>	<b>\$ 7,559,093</b>	<b>\$ -</b>	<b>\$ 1,460,435</b>	<b>\$ 98,399</b>	<b>\$ 812,281</b>	<b>\$ (7,254,969)</b>	<b>\$ 2,675,239</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars; Unaudited)

		<b>For the nine months ended October 31</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for):</b>			
<b>Operating activities</b>			
Net loss		\$ (477,068)	\$ (263,412)
Items not involving cash:			
Gain on debt settlement	4	(23,231)	-
Share-based payments		114,390	64,017
Loss on revaluation of marketable securities	4	(30)	53
Changes in non-cash working capital items:			
Receivables		(65,166)	(1,284)
Prepaid expenses		(27,728)	(12,876)
Trade and other payables		(115,014)	25,389
Due to related parties		(162,368)	89,654
Cash (used in) operating activities		(756,215)	(98,459)
<b>Investing activities</b>			
Exploration and evaluation assets	5	(571,688)	(99,396)
Cash (used in) investing activities		(571,688)	(99,396)
<b>Financing activities</b>			
Net proceeds from issuance of common shares	6	1,691,068	98,750
Proceeds from exercise of warrants		100,833	-
Cash provided by financing activities		1,791,901	98,750
<b>Net increase in cash</b>		463,998	(99,105)
<b>Cash - beginning of the period</b>		48,349	106,882
<b>Cash - end of the period</b>		\$ 512,347	\$ 7,777
<b>Supplemental disclosure with respect to cash flows:</b>			
Exploration and evaluation assets in trade and other payables		\$ (255,121)	\$ 22,099

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Orestone Mining Corp. (the "Company" or "Orestone") was incorporated under the Business Corporations Act (British Columbia) on April 30, 2007 and its principal business activity is the acquisition and exploration of mineral properties. The address of the Company's registered and head office is 19<sup>th</sup> Floor, 885 West Georgia Street, Vancouver, BC V6C 3H4. The Company's shares are listed on the TSX Venture Exchange and trade under the symbol "ORS".

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated financial statements of financial position. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

	October 31, 2019	January 31, 2019
Deficit	\$ (7,254,969)	\$ (6,777,901)
Working capital (deficiency)	\$ 326,054	\$ (276,360)

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### (b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for marketable securities classified and measured at fair value through profit or loss. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended January 31, 2019.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended January 31, 2019. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended October 31, 2019 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2020.

### 4. MARKETABLE SECURITIES

October 31, 2019	Shares	Cost	Fair Market Value
Millrock Resources Inc.	333	\$ 75	\$ 63

January 31, 2019	Shares	Cost	Fair Market Value
Millrock Resources Inc.	333	\$ 75	\$ 33

### 5. EXPLORATION AND EVALUATION ASSETS

#### Captain Property

The Company owns a 100% interest in certain mineral claims comprising the Captain Property located near Fort St. James, British Columbia.

As at October 31, 2019, the Company had issued a \$29,000 (January 31, 2019 - \$29,000) reclamation bond to the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee reclamation of the environment on the Captain Property.

#### Resguardo Property

On August 16, 2018, the Company signed a unilateral purchase option agreement (the "Agreement") for a 100% interest in certain mining concessions the Resguardo copper project in northern Chile with the following payments totalling US\$5 million to Sociedad Contractual Minera Resguardo ("CMR") and drilling requirements:

- (i) US\$70,000 initial payment (paid);
- (ii) US\$150,000 on or before the first anniversary of the Agreement (paid);
- (iii) US\$220,000 on or before the second anniversary of the Agreement;
- (iv) US\$460,000 on or before the third anniversary of the Agreement;
- (v) US\$1,100,000 on or before the fourth anniversary of the Agreement;
- (vi) US\$3,000,000 on or before the fifth anniversary of the Agreement;
- (vii) Completing 2,000 metres of drilling at any time during the option period.

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS, (Continued)****Resguardo Property,** (Continued)

Pursuant to the Agreement, CMR irrevocably offers to sell, assign and transfer the mining concessions to the Company together with specified rights including the inherent water rights, or those that may correspond to the mining concessions, within five kilometers. The Company can exercise its option to purchase all or some of the mining concessions by either making the above-noted installment payments or by paying the balance of any then-outstanding installment payments and completing the drilling requirements. If the Company decides not to exercise the option to purchase, any outstanding installment payments will not accrue and those payments made are non-refundable.

The Agreement was accepted for filing by the TSX Venture Exchange on September 20, 2018.

Upon completion of the purchase of the Resguardo copper project, a 1.5% net smelter royalty (the "NSR") will be reserved in favor of CMR. Orestone shall have the right at any time up to the seventh anniversary of the Agreement to purchase the NSR for US\$6.0 million. Orestone will also have the right to mine ores from the property at any time during the option period and would pay a 7% royalty on production for this right until completion of the purchase.

	<b>Captain Property</b>	<b>Resguardo Property</b>	<b>Total</b>
<b>Property acquisition costs</b>			
Balance, January 31, 2019	\$ 292,808	\$ 91,609	\$ 384,417
Property payments	1,992	197,325	199,317
Balance, October 31, 2019	<u>294,800</u>	<u>288,934</u>	<u>583,734</u>
<b>Deferred exploration costs</b>			
Balance, January 31, 2019	1,396,902	7,821	1,404,723
Assays	2,710	-	2,710
Camp, travel and meals	27,377	3,000	30,377
Claim maintenance fee	-	31,204	31,204
Drilling	480,834	-	480,834
Field supplies and maps	2,211	-	2,211
Geological consulting	25,000	-	25,000
Geophysical consulting	-	15,594	15,594
Surveying	-	17,242	17,242
Legal	-	22,320	22,320
Balance, October 31, 2019	<u>1,935,034</u>	<u>97,181</u>	<u>2,032,215</u>
<b>Mining exploration tax credit</b>			
Balance, January 31, 2019	(295,764)	-	(295,764)
Additions	-	-	-
Balance, October 31, 2019	<u>(295,764)</u>	<u>-</u>	<u>(295,764)</u>
<b>Total</b>	<u>\$ 1,934,070</u>	<u>\$ 386,115</u>	<u>\$ 2,320,185</u>

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS, (Continued)**

	<b>Captain Property</b>	<b>Resguardo Property</b>	<b>Total</b>
<b>Property acquisition costs</b>			
Balance, January 31, 2018	\$ 282,677	\$ -	\$ 282,677
Property payments	10,131	91,609	101,740
Balance, January 31, 2019	292,808	91,609	384,417
<b>Deferred exploration costs</b>			
Balance, January 31, 2018	1,396,902	-	1,396,902
Surveying	-	6,867	6,867
Legal	-	954	954
Balance, January 31, 2019	1,396,902	7,821	1,404,723
<b>Mining exploration tax credit</b>			
Balance, January 31, 2018	(292,823)	-	(292,823)
Additions	(2,941)	-	(2,941)
Balance, January 31, 2019	(295,764)	-	(295,764)
<b>Total</b>	<b>\$ 1,393,946</b>	<b>\$ 99,430</b>	<b>\$ 1,493,376</b>

## **ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

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### **6. SHARE CAPITAL**

#### **a. Authorized**

There are an unlimited number of common shares without par value.

#### **b. Share issuance**

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 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 consisted 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. The warrants were ascribed a value of \$121,647 under the Black-Scholes valuation model with the residual being allocated to share capital. Finders' fees amounting to \$26,040 were paid in connection with the private placement. The Company also incurred \$13,860 in share issue costs.

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 \$1,149,510 (the "Offering"). 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 \$0.15 for two years from the date of issuance. The warrants were ascribed a value of \$495,347 under the Black-Scholes valuation model with the residual being allocated to share capital. The Company paid a cash fee of \$25,846 of the proceeds of the Offering to certain arm's length finders. The Company also incurred \$25,496 in share issue costs.

On June 15, 2018, the Company completed a non-brokered private placement issuing 1,000,000 units at a price of \$0.10 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one-half of common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 until June 14, 2019. The warrants were ascribed a value of \$18,831 under Black-Scholes Valuation model with the residual being allocated to share capital.

#### **c. Share purchase option compensation plan**

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

### 6. SHARE CAPITAL, (Continued)

#### c. Share purchase option compensation plan, (Continued)

The continuity of options is as follows:

Expiry date	Exercise price (\$)	January 31, 2018	Issued	Expired / cancelled	January 31, 2019	Issued	Expired / cancelled	October 31, 2019
June 28, 2018	0.50	100,000	-	(100,000)	-	-	-	-
October 7, 2018	0.50	30,000	-	(30,000)	-	-	-	-
November 22, 2022	0.15	785,000	-	(400,000)	385,000	-	-	385,000
April 28, 2023	0.15	-	400,000	-	400,000	-	-	400,000
June 4, 2023	0.15	-	100,000	-	100,000	-	(100,000)	-
October 4, 2023 <sup>(a)</sup>	0.15	-	250,000	-	250,000	-	-	250,000
June 3, 2024	0.15	-	-	-	-	1,015,000	-	1,015,000
August 29, 2024	0.20	-	-	-	-	300,000	-	300,000
Options outstanding		915,000	750,000	(530,000)	1,135,000	1,315,000	(100,000)	2,350,000
Options exercisable		915,000	600,000	(530,000)	985,000	582,500	(100,000)	1,617,500
Weighted average exercise price (\$)		\$ 0.20	\$ 0.15	\$ 0.24	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.13

<sup>(a)</sup> 100,000 options were subsequently cancelled

25% of the share purchase options issued during the period ended October 31, 2019 vested immediately upon granting and 25% every three months thereafter.

At October 31, 2019, the weighted average remaining life of the outstanding and exercisable options is 4.01 years (January 31, 2019 – 4.20 years).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2019	2018
Risk-free interest rate	1.33% - 1.34%	2.24%
Expected stock price volatility	164.54% - 165.06%	181.07%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

### 6. SHARE CAPITAL, (Continued)

#### d. Warrants

Expiry date	Exercise price (\$)	January 31, 2018	Issued	Expired	January 31, 2019	Issued	Exercised	Expired	October 31, 2019
June 14, 2019	0.15	-	500,000	-	500,000	-	-	(500,000)	-
October 25, 2019	0.10	3,991,667	-	-	3,991,667	-	(1,008,334)	(2,983,333)	-
August 20, 2020	0.22	-	-	-	-	786,875	-	-	786,875
August 23, 2020	0.22	-	-	-	-	1,300,000	-	-	1,300,000
April 28, 2021	0.15	-	-	-	-	10,450,091	-	-	10,450,091
Warrants outstanding		3,991,667	500,000	-	4,491,667	12,536,966	(1,008,334)	(3,483,333)	12,536,966
Weighted average exercise price (\$)		\$ 0.10	\$ 0.15	\$ Nil	\$ 0.11	\$ 0.16	\$ 0.10	\$ 0.11	\$ 0.16

At October 31, 2019, the weighted average remaining life of the outstanding warrants is 1.38 years (January 31, 2019 – 0.69 year).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of warrants were:

	2019	2018
Risk-free interest rate	1.68% - 1.81%	1.57%
Expected stock price volatility	155.22% - 156.04%	152.27%
Expected option life in years	2 years	1 year
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

#### e. Reserves

The reserves account records items recognized as share-based payments expense and other share-based payments. When stock options are exercised, the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options remain in the reserves account. Amounts recorded for exercised, cancelled or expired warrants remain in the reserves account

### 7. LOSS PER SHARE

#### Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended October 31, 2019 was based on the loss attributable to common shareholders of \$477,068 (October 31, 2018 – \$263,412) and a weighted average number of common shares outstanding of 21,299,626 (October 31, 2018 – 12,051,603).

Diluted loss per share did not include the effect of 2,350,000 stock options (2018 – 1,135,000 stock options) and 12,536,966 warrants (2018 – 4,491,667) since they were anti-dilutive.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

### 8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the nine months ended October 31, 2019:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$ 50,400	\$Nil	\$Nil	\$Nil	\$ 6,839	\$ 57,239
Mark T. Brown Chief Financial Officer <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 11,523	\$ 11,523
Bruce Winfield President, Director <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 15,323	\$ 15,323
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 18,743	\$ 18,743
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 7,662	\$ 7,662
Julia Aspillaga* Former Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,687	\$ 5,687
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 22,985	\$ 22,985
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,687	\$ 5,687

<sup>(a)</sup> Mark T. Brown and Bruce Winfield receive payments for their services through private companies they control. Please refer to the table on the next page.

\* Julia Aspillaga resigned on Oct 29, 2019 (date of AGM where she did not stand for re-election)

For the nine months ended October 31, 2018

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$50,400	\$Nil	\$Nil	\$Nil	\$ 3,603	\$ 54,003
Mark T. Brown Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$ 1,997	\$ 1,997
Andrew Muir * Former Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 459	\$ 459
Douglas Willock * Former Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 513	\$ 513
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 4,324	\$ 4,324
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 3,603	\$ 3,603
Julia Aspillaga Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 17,719	\$ 17,719
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 17,719	\$ 17,719

\* The directors resigned from the Board of Directors on April 28, 2018.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

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### 8. RELATED PARTY TRANSACTIONS, (Continued)

Related party transactions and balances:

		Nine months ended		As at	As at
		October 31,	October 31,	October 31,	January 31,
Amounts in accounts payable:	Services for:	2019	2018	2019	2019
David Hottman	Salaries and benefits	\$ 50,400	\$ 50,400	\$ -	\$ 117,600
A private company controlled by a director of the Company	Rent	4,800	10,800	-	30,162
A private company with an officer in common with the Company	Accounting, management and rent services	45,000	22,500	15,225	26,818
A private company controlled by a director of the Company	Funds advanced	-	-	-	14,500
A private company controlled by President of the Company	Management services	37,500	-	7,875	-
Bruce Winfield	Expense reimbursements	-	-	3,326	-
Gary Nordin	Expense reimbursements	-	-	286	-
<b>Total</b>		<b>\$ 137,700</b>	<b>\$ 83,700</b>	<b>\$ 26,712</b>	<b>\$ 189,080</b>

Amounts in prepaid expenses:	Services for:				
David Hottman	Funds advanced	\$ 10,418	\$ -	\$ 14,582	\$ -
<b>Total</b>		<b>\$ 10,418</b>	<b>\$ -</b>	<b>\$ 14,582</b>	<b>\$ -</b>

Amounts in receivables:	Services for:				
A private company controlled by a director of the Company	Rent	\$ 1,200	\$ -	\$ 34,720	\$ -
<b>Total</b>		<b>\$ 1,200</b>	<b>\$ -</b>	<b>\$ 34,720</b>	<b>\$ -</b>

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

### 9. FINANCIAL INSTRUMENTS

The fair value of the Company's cash, marketable securities, receivable and trade and other payables approximate their carrying values.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

## **ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2019

(Expressed in Canadian dollars)

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### **9. FINANCIAL INSTRUMENTS, (Continued)**

Cash and marketable securities are measured using level 1 inputs. There were no transfers between levels 1, 2 and 3.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk and market risk.

#### **(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings, reclamation bonds and receivables (excluding GST). The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is low.

#### **(b) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash and cash equivalents, primarily through private placements. The Company access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

#### **(c) Interest rate risk**

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

#### **(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and price risk. The Company is not subject to currency risk as the functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

#### **(e) Management of industry risk**

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

## **ORESTONE MINING CORP.**

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### **10. CAPITAL MANAGEMENT**

The Company considers its capital structure to be shareholders' equity represented by net assets over liabilities. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of exploration and evaluation assets.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

The Company is not subject to externally imposed capital restrictions.