ORESTONE MINING CORP.

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the nine months ended

October 31, 2017

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

Trading Symbol: ORS
Telephone: 604-629-1929

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATMENTS

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 Canadian Institute of Chartered Accountants 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, 2017	January 31, 2017
		(Unaudited)	(Audited)
ASSETS			
Current			
Cash		$ 128,650	$ 1,485
Marketable securities	4	106	144
Receivables		2,743	33,468
		131,499	35,097
Non-current			
Exploration and evaluation assets	5	1,401,393	1,385,071
Reclamation bonds	5	29,000	29,000
		1,430,393	1,414,071
		$ 1,561,892	$ 1,449,168
LIABILITIES			
Current			
Trade and other payables		$ 90,503	$ 78,679
SHAREHOLDERS' EQUITY			
Share capital	6	6,245,876	6,148,828
Reserves	6	1,520,599	1,395,934
Deficit		(6,295,086)	(6,174,273)
		1,471,389	1,370,489
		$ 1,561,892	$ 1,449,168

Nature of Operations and Going Concern (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on December 29, 2017. They are signed on the Company's behalf by:

"David Hottman"	***"Gary Nordin"***
David Hottman, Director	Gary Nordin, Director

The accompanying notes are an integral part of these consolidated 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 2017	For the three months ended October 31 2016	For the nine months ended October 31 2017	For the nine months ended October 31 2016
Expenses					
Depreciation		$ -	$ -	$ -	$ 113
Filing fees		9,069	878	15,790	9,054
Investor relations		4,320	1,931	15,965	2,612
Office, rent and miscellaneous		3,008	5,426	11,000	27,983
Project search		3,720	420	4,140	420
Professional fees		21,480	11,149	34,305	19,488
Salaries and benefits		18,011	17,662	54,349	57,425
		59,608	37,466	135,549	117,095
Other items					
Mineral exploration tax credit refund		(14,637)	-	(14,637)	-
Interest income		-	(52)	(99)	(157)
Gain on sale of marketable securities	4	-	-	-	(54,657)
		(14,637)	(52)	(14,736)	(54,814)
Net loss before income taxes		44,971	37,414	120,813	62,281
Total comprehensive loss for the period		$ 44,971	$ 37,414	$ 120,813	$ 62,281
Basic and diluted loss per share		$ 0.01	$ 0.00	$ 0.02	$ 0.01
Weighted average numbre of common shares outstanding		7,817,628	7,554,441	7,642,170	7,554,441

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

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

			Reserves				
	Number of shares	Share capital	Warrants	Agent's Warrants	Share-based payments	Deficit	Total shareholders' equity
Balance as at January 31, 2016 (Audited)	7,554,441	$ 6,148,828	$ 731,413	$ 98,399	$ 566,122	$ (6,074,668)	$ 1,470,094
Net loss and comprehensive loss	-	-	-	-	-	(62,281)	(62,281)
Balance as at October 31, 2016 (Unaudited)	7,554,441	6,148,828	731,413	98,399	566,122	(6,136,949)	1,407,813
Net loss and comprehensive loss	-	-	-	-	-	(37,324)	(37,324)
Balance as at January 31, 2017 (Audited)	7,554,441	6,148,828	731,413	98,399	566,122	(6,174,273)	1,370,489
Shares issues:							
Private placement	3,991,667	114,835	124,665	-	-	-	239,500
Share issurance costs	-	(17,787)	-	-	-	-	(17,787)
Net loss and comprehensive loss	-	-	-	-	-	(120,813)	(120,813)
Balance as at October 31, 2017 (Unaudited)	**11,546,108**	**$ 6,245,876**	**$ 856,078**	**$ 98,399**	**$ 566,122**	**$ (6,295,086)**	**$ 1,471,389**

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

ORESTONE MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED OCTOBER 31
(Expressed in Canadian dollars; Unaudited)

	Note	For the nine months ended October 31 2017	2016
Cash provided by (used for):			
Operating activities			
Net loss		$ (120,813)	$ (62,281)
Items not involving cash:			
Depreciation		-	113
Gain on sale of marketable securities	4	-	(54,657)
Changes in non-cash working capital items:			
Receivables		30,763	3,395
Trade and other payables		11,824	14,103
Cash used in operating activities		(78,226)	(99,327)
Investing activities			
Exploration and evaluation assets	5	(16,322)	(19,144)
Cash used in investing activities		(16,322)	(19,144)
Financing activities			
Net proceeds from issuance of common shares	6	221,713	-
Proceeds from sale of marketable securities	4	-	156,503
Cash provided by financing activities		221,713	156,503
Net increase in cash		127,165	38,032
Cash - beginning of the period		1,485	11,872
Cash - end of the period		$ 128,650	$ 49,904
Supplemental disclosure with respect to cash flows:			
Exploration and evaluation assets in accounts payable and accrued liabilities		$ -	$ 66,407

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

(Expressed in Canadian dollars)

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 19th 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".

On August 29, 2017, the Company completed a five for one share consolidation *(see Note 6b)*. All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

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 statement 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, 2017		January 31, 2017
Deficit	$	(6,295,086)	$	(6,174,273)
Working capital (deficiency)	$	40,996	$	(43,582)

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").

2. BASIS OF PRESENTATION *(continued)*

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale, which are stated at fair value through other comprehensive income (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.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2017 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

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, 2017.

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, 2017. 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, 2017 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2018.

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES

On December 15, 2015, the Company sold its Todd Creek JV interest to Millrock Resources Inc. ("Millrock") for net proceeds of $33,500 in cash and 453,333 shares of Millrock (see Note 5). The Company recorded the Millrock shares using a fair value of $102,000. In the month of June 2016, the Company disposed of 453,000 of the Millrock shares for net cash proceeds of $156,503 and recorded a gain on the sale of marketable securities of $9,324. As at October 31, 2017, the Company owned 333 shares of Millrock.

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, 2017, the Company issued a $29,000 (January 31, 2017 - $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.

Todd Creek Property

On April 3, 2008, the Company signed a property option agreement with Goldeye Exploration Limited ("Goldeye"), Polar Star Mining Corporation ("Polar"), and Geofine Exploration Consultants Ltd. ("Geofine") to acquire an interest in certain claims comprising the Todd Creek Property located in the Skeena Mining Division in northwestern British Columbia.

The Company earned a 51% interest in the Todd Creek Property by making cash payments of $180,000, issuing 34,000 shares (pre-consolidation 170,000 shares) at a fair value of $10,500 and incurring work expenditures of $2,500,000.

On December 15, 2015, the Company sold its interest in the Todd Creek Property to Millrock for consideration as described in Note 4, and recognized a net loss of $2,287,958.

	January 31, 2016	Additions	January 31, 2017	Additions	October 31, 2017
Captain Property					
Acquisition costs	$ 276,117	$ -	$ 276,117	$ -	$ 276,117
Deferred exploration costs					
Assays	41,818	-	41,818	-	41,818
Drilling	734,877	-	734,877	1,500	736,377
Geological	376,370	16,100	392,470	8,260	400,730
Geophysical	143,377	32,691	176,068	6,562	182,630
Surveying	40,846	-	40,846	-	40,846
Other	1,061	-	1,061	-	1,061
	1,338,349	48,791	1,387,140	16,322	1,403,462
Mining exploration tax credit	(277,727)	(459)	(278,186)	-	(278,186)
	$ 1,336,739	$ 48,332	$ 1,385,071	$ 16,322	$ 1,401,393

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a. Authorized

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

b. Share consolidation

On August 29, 2017, the Company consolidated its share capital on the basis of one new share for every 5 old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

c. Share issuance

On October 25, 2017, the Company closed a non-brokered private placement of 3,991,667 units (the "Units") at a price of $0.06 per Unit for gross proceeds of $239,500. The Company recorded $17,787 of share issuance cost. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised into one common share of the Company at a price of $0.10 per share for a period of two years from the date of closing. The warrants were ascribed a value of $124,665 under the Black-Scholes valuation model with the residual being allocated to share capital.

d. 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.

The continuity of options is as follows:

Expiry date	Exercise price ($)	January 31, 2016	Issued	Expired / forfeited	January 31, 2017	Issued	Expired / forfeited	October 31, 2017
September 8, 2016	2.10	62,500	-	(62,500)	-	-	-	-
September 29, 2016	2.00	10,000	-	(10,000)	-	-	-	-
October 26, 2017	0.75	371,000	-	-	371,000	-	(371,000)	-
June 28, 2018	0.50	125,000	-	-	125,000	-	(25,000)	100,000
October 7, 2018	0.50	30,000	-	-	30,000	-	-	30,000
Options outstanding		598,500	-	(72,500)	526,000	-	(396,000)	130,000
Options exercisable		598,500	-	-	526,000	-	-	130,000
Weighted average exercise price ($)		$ 0.85	$ -	$ 2.09	$ 0.68	$ -	$ 0.73	$ 0.50

At October 31, 2017, the weighted average remaining life of the outstanding and exercisable options is 0.85 years (January 31, 2017 – 0.95 years).

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (continued)

d. Share purchase option compensation plan (continued)

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

	2017	2016
Risk-free interest rate	N/A	N/A
Expected stock price volatility	N/A	N/A
Expected option life in years	N/A	N/A
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

Option pricing models require the input of highly subject 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.

Subsequent to the nine months ended October 31, 2017, the Company granted stock options to directors, officers, employees, advisors and consultants of the Company to purchase an aggregate of 785,000 common shares at a price of $0.15 per share, exercisable until November 22, 2022.

e. Warrants

The continuity of warrants is as follows:

Expiry date	Exercise price ($)	January 31, 2017	Issued	Exercised	Expired	October 31, 2017
October 25, 2019	0.10	-	3,991,667	-	-	3,991,667
Warrants outstanding		-	3,991,667	-	-	3,991,667
Weighted average exercise price ($)		$ -	$ 0.10	$ -	$ -	$ 0.10

At October 31, 2017, the weighted average remaining life of the outstanding warrants is 1.98 years (January 31, 2017 – Nil).

f. Reserves

The reserves account record items recognized as share-based compensation 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, 2017 was based on the loss attributable to common shareholders of $120,813 (October 31, 2016 – $62,281) and a weighted average number of common shares outstanding of 7,642,170 (October 31, 2016 – 7,554,441).

Diluted loss per share did not include the effect of 130,000 stock options (2016 – 598,500 stock options) and 3,991,667 warrants (2016 – Nil) because they were anti-dilutive.

(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, 2017:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$50,400	$Nil	$Nil	$Nil	$Nil	$Nil	$50,400
Mark T. Brown Chief Financial Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

For the nine months ended October 31, 2016:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$50,400	$Nil	$Nil	$Nil	$Nil	$Nil	$50,400

Related party transactions and balances:

		Nine months ended October 31		Balance outstanding	
				October 31	January 31
Amounts in accounts payable:	Services for:	2017	2016	2017	2017
David Hottman	Salaries	$ 50,400	$ 50,400	$ 39,200	$ 15,400
A private company controlled by a director of the Company	Rent	10,800	-	11,340	-
Total		$ 61,200	$ 50,400	$ 50,540	$ 15,400
Amounts in accounts receivable:	Services for:				
A public company with a director in common with the Company	Rent	$ -	$ 21,000	$ -	$ -
A private company controlled by a director of the Company	Expense reimbursements	-	-	-	27,881
Total		$ -	$ 21,000	$ -	$ 27,881

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, receivables 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.

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, marketable securities and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. Receivables are due from the Government of Canada and for reimbursements. 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 and relates to its ability to maintain the current rate of interest on its short-term investment.

(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 three types of risk: currency risk, interest rate 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.

9. FINANCIAL INSTRUMENTS, (continued)

(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.

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.