



ORESTONE MINING CORP.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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

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 the 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.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	Notes	April 30, 2016 (Unaudited) \$	January 31, 2017 (Audited) \$
ASSETS			
Current Assets			
Cash and cash equivalents		16,268	1,485
Marketable securities	3	144	144
Receivables	4,8	6,489	33,468
		<u>22,901</u>	<u>35,097</u>
Non-current Assets			
Exploration and evaluation assets	6	1,392,741	1,385,071
Reclamation bonds	6	29,000	29,000
		<u>1,421,741</u>	<u>1,414,071</u>
		<u>1,444,642</u>	<u>1,449,168</u>
LIABILITIES			
Current			
Trade and other payables	7	107,452	78,679
		<u>107,452</u>	<u>78,679</u>
SHAREHOLDERS' EQUITY			
Share capital	9	6,148,828	6,148,828
Reserves	9	1,395,934	1,395,934
Deficit		(6,207,572)	(6,174,273)
		<u>1,337,190</u>	<u>1,370,489</u>
		<u>1,444,642</u>	<u>1,522,398</u>

Nature and continuance of operations (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on June 30, 2017.

They are signed on the Company's behalf by:

<u>“David Hottman”</u>	Director	<u>“Gary Nordin”</u>	Director
David Hottman		Gary Nordin	

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

ORESTONE MINING CORP.

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED APRIL 30,
(Expressed in Canadian dollars; Unaudited)**

		For the three months ended	
	Notes	2017	April 30, 2016
		\$	\$
EXPENSES			
Depreciation	5	-	113
Filing fees		6,109	5,493
Investor relations		2,180	352
Office, rent and miscellaneous	8	3,295	12,493
Project search		420	-
Professional fees		3,250	3,250
Salaries and benefits	8	18,045	19,805
		<u>33,299</u>	<u>41,506</u>
OTHER ITEMS			
Interest income		-	(52)
Unrealized gain on sale of marketable securities		-	(45,333)
		<u>-</u>	<u>(45,385)</u>
COMPREHENSIVE INCOME (LOSS)		<u>(33,299)</u>	<u>3,879</u>
EARNINGS (LOSS) PER SHARE – Basic and Diluted	10	<u>(\$0.001)</u>	<u>\$0.000</u>

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ORESTONE MINING CORP.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

Issued and outstanding:	Number of shares	Share capital	Reserves				Deficit	Total shareholders' equity
			Warrants	Agent's Warrants	Share-based payments			
Balance as at January 31, 2016 (Audited)	37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (6,074,668)	\$ 1,470,094	
Comprehensive loss for the period	-	-	-	-	-	(3,879)	(3,879)	
Balance as at April 30, 2016 (Unaudited)	37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (6,078,547)	\$ 1,466,215	
Comprehensive loss for the period	-	-	-	-	-	(95,726)	(95,726)	
Balance as at January 31, 2017 (Audited)	37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (6,174,273)	\$ 1,370,489	
Comprehensive loss for the period	-	-	-	-	-	(33,299)	(33,299)	
Balance as at April 30, 2017 (Unaudited)	37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (6,207,572)	\$ 1,337,190	

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

ORESTONE MINING CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended April 30,
(Expressed in Canadian dollars; Unaudited)

	2017	2016
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss)	(33,299)	3,879
Non-cash operating items:		
Depreciation	-	113
Gain on sale of marketable securities	-	(45,333)
	<u>(33,299)</u>	<u>(41,341)</u>
Changes in non-cash working capital items:		
Receivables	26,979	(766)
Trade and other payables	28,773	32,173
Net cash used in operating activities	<u>22,453</u>	<u>(9,934)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Exploration and evaluation assets	<u>(7,670)</u>	-
Net cash used in investing activities	<u>(7,670)</u>	
CHANGE IN CASH	14,783	(9,934)
CASH, BEGINNING	<u>1,485</u>	<u>11,872</u>
CASH, ENDING	<u>16,268</u>	<u>1,938</u>
SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS		
Exploration and evaluation assets in accounts payable and accrued liabilities	\$ 22,099	\$ 12,099

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 three months ended April 30, 2017

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Orestone Mining Corp. (the “Company”) 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, Canada 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 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 might be necessary should the Company be unable to continue in existence.

	April 30, 2017	January 31, 2017
Deficit	\$ (6,207,572)	\$(6,174,273)
Working capital deficiency	\$(84,551)	\$(43,582)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance with International Financial Reporting Standards (“IFRS”)**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board (“IASB”) 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”).

Basis of preparation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s January 31, 2017 consolidated annual financial statements.

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

Significant estimates and assumptions

The preparation of these financial statements in conformity with IAS 34 requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

ORESTONE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended April 30, 2017

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)**Significant estimates and assumptions (cont'd)**

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments and the recoverability of the carrying value of exploration and evaluation assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying accounting policies to the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

These unaudited 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 April 30, 2017 are not necessarily indicative of the results that may be expected for the year ending January 31, 2018.

3. 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 6). 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 April 30, 2017 the company owns 333 shares of Millrock.

4. RECEIVABLES

Receivables consist of the following:

	April 30, 2017	January 31, 2017
	\$	\$
Government taxes receivable	946	2,815
Other	55	2,774
Related parties receivable (Note 8)	5,488	27,881
	6,489	42,674

5. EQUIPMENT

ORESTONE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended April 30, 2017

(Expressed in Canadian dollars)

	Computer equipment	Total
	\$	\$
Cost		
Balance as at February 1, 2016	320	320
Change in assets	-	-
Balance as at January 31, 2017	320	320
Change in assets	-	-
Balance as at April 30, 2017	320	320
Accumulated depreciation		
Balance as at February 1, 2016	207	207
Depreciation for the year	113	113
Balance as at January 31, 2017	320	320
Depreciation for the year	-	-
Balance as at April 30, 2017	320	320
Carrying amounts		
At February 1, 2016	113	113
At January 31, 2017	-	-
At April 30, 2017	-	-

6. 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 April 30, 2017, the Company has 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 Explorations 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 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 to Millrock for consideration as described in Note 3, and recognized a net loss of \$2,287,958.

ORESTONE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended April 30, 2017

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

The Company has incurred the following on acquisition and deferred exploration costs:

	January 31, 2016	Additions	January 31, 2017	Additions	April 30, 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	-	734,877
Geological	376,370	16,100	392,470	3,260	395,730
Geophysical	143,377	32,691	176,068	4,410	180,478
Surveying	40,846	-	40,846	-	40,846
Other	1,061	-	1,061	-	1,061
	1,338,349	48,791	1,387,140	7,670	1,394,810
Mining exploration tax credit	(277,727)	(459)	(278,186)	-	(278,186)
	1,336,739	48,332	1,385,071	7,670	1,392,741

7. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	April 30, 2017	January 31, 2017
	\$	\$
Trade payables	43,407	40,032
Accrued liabilities	64,045	38,647
	107,452	78,679

8. RELATED PARTY TRANSACTIONS

a) Key management personnel compensation

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:

	April 30, 2017	April 30, 2016
	\$	\$
Short-term employee benefits	16,800	32,640
Share-based payments	-	-
	16,800	32,640

ORESTONE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended April 30, 2017

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS, (cont'd)

b) Other related party transactions

Amounts charged/due from:	Service	Total charged as at		Balance outstanding as at	
		April 30, 2017	April 30, 2016	April 30, 2017	January 31, 2017
		\$	\$		\$
A private company controlled by a director of the Company (Note 5)	Rent	5,040	3,271	5,488	21,000
		5,040	3,271	5,488	21,000

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

9. SHARE CAPITALa) **Authorized**

Authorized: Unlimited number of common shares without par value.

b) **Details of issuance of common shares**

At April 30, 2017, there were 37,772,233 (January 31, 2017 – 37,772,233) issued and fully paid common shares.

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 three months ended April 30, 2017

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd)**d) Share purchase option compensation plan (cont'd)**

The continuity of options is as follows:

Expiry date	Exercise price	January 31, 2016	Issued	Expired/ forfeited	January 31, 2017	Issued	Expired/ forfeited	April 30, 2017
	\$							
September 8, 2016	0.42	312,500	-	(312,500)	-	-	-	-
September 29, 2016	0.40	50,000	-	(50,000)	-	-	-	-
October 26, 2017	0.15	1,855,000	-	-	1,855,000	-	-	1,855,000
June 28, 2018	0.10	625,000	-	-	625,000	-	-	625,000
October 7, 2018	0.10	150,000	-	-	150,000	-	-	150,000
		2,992,500	-	(362,500)	2,630,000	-	-	2,630,000
Weighted average exercise price (\$)		0.17	-	-	0.14	-	-	0.14
Options vested and exercisable		2,992,500	-	-	2,630,000	-	-	2,630,000
Weighted average exercise price (\$)		0.17	-	-	0.14	-	-	0.14

At April 30 2017 the weighted average remaining life of the outstanding and exercisable options is 0.70 years (January 31, 2017 – 0.95 years).

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

	April 30, 2017	January 31, 2017	January 31, 2016
Risk-free interest rate	N/A	N/A	N/A
Annualized volatility	N/A	N/A	N/A
Expected dividend yield	N/A	N/A	N/A
Expected option life	N/A	N/A	N/A

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.

e) Reserves

The reserves account records 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.

ORESTONE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended April 30, 2017

(Expressed in Canadian dollars)

10. LOSS PER SHARE**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the three months ended April 30, 2017 was based on the loss attributable to common shareholders of \$33,299 (April 30, 2016 – income of \$3,879) and a weighted average number of common shares outstanding of 37,772,233 (April 30, 2016 – 37,772,233).

Diluted loss per share did not include the effect of 2,630,000 stock options (2016 – 2,630,000 stock options) because they are anti-dilutive.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, mineral tax credit recoverable, trade payables and due to related parties. The carrying value of these financial instruments approximates their fair value. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest risk.

Management of Financial Risk

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings, mineral tax credit recoverable and other 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.

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.

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.

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.

ORESTONE MINING CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended April 30, 2017

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

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.

12. 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.