



ORESTONE MINING CORP.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2015

(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	July 31, 2015 (Unaudited) \$	January 31, 2015 (Audited) \$
ASSETS			
Current Assets			
Cash and cash equivalents		33,684	142,969
Marketable securities	3	3,686	3,686
Receivables	4,6,8	73,823	65,546
Prepays		5,719	30,862
		<u>116,912</u>	<u>243,063</u>
Non-current Assets			
Equipment	5	137	162
Exploration and evaluation assets	6	3,761,139	3,758,471
Deposits	6	23,250	42,800
Reclamation bonds	6	29,000	29,000
		<u>3,813,526</u>	<u>3,830,433</u>
		<u>3,930,438</u>	<u>4,073,496</u>
LIABILITIES			
Current			
Trade and other payables	7	<u>68,953</u>	<u>76,503</u>
		<u>68,953</u>	<u>76,503</u>
SHAREHOLDERS' EQUITY			
Share capital	9	6,148,828	6,148,828
Reserves	9	1,395,934	1,395,934
Deficit		<u>(3,683,277)</u>	<u>(3,547,769)</u>
		<u>3,861,485</u>	<u>3,996,993</u>
		<u>3,930,438</u>	<u>4,073,496</u>

Nature and continuance of operations (Note 1)**Commitments** (Note 12)

These consolidated financial statements were authorized for issue by the Board of Directors on September 28, 2015.

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 LOSS

(Expressed in Canadian dollars; Unaudited)

		For the three months ended		For the six months ended	
	Notes	July 31,		July 31,	
		2015	2014	2015	2014
		\$	\$	\$	\$
EXPENSES					
Depreciation	5	12	27	24	55
Filing fees		2,409	3,529	8,587	10,503
Investor relations		1,875	3,071	11,590	12,969
Office, rent and miscellaneous	8	14,050	27,962	30,532	48,748
Project search		-	-	9,188	-
Professional fees		(2,437)	2,126	1,313	8,119
Salaries and benefits	8	37,213	36,732	74,478	73,523
Share-based payments	9	-	4,722	-	13,840
		53,122	78,169	135,712	167,757
OTHER ITEMS					
Interest income		(95)	(1,035)	(204)	(2,248)
Loss on debt settlement	3	-	7,371	-	7,371
Unrealized loss on marketable securities	3	-	3,685	-	3,685
		(95)	10,021	(204)	8,808
COMPREHENSIVE LOSS					
		53,027	88,190	135,508	176,565
LOSS PER COMMON SHARE – Basic and Diluted					
	10	\$0.001	\$0.002	\$0.004	\$0.005

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 CHANGES IN EQUITY

(Expressed in Canadian dollars)

Issued and outstanding:	Notes	Number of shares	Share capital	Reserves			Deficit	Total shareholders' equity
				Warrants	Agent's Warrants	Share-based payments		
Balance as at January 31, 2014 (Audited)		37,572,233	\$ 6,142,828	\$ 731,413	\$ 98,399	\$ 550,570	\$ (3,168,960)	\$ 4,354,250
Shares issues:								
For mineral properties acquisition	7, 10	200,000	6,000	-	-	-	-	6,000
Share-based payments	10	-	-	-	-	13,840	-	13,840
Comprehensive loss for the period		-	-	-	-	-	(176,565)	(176,565)
Balance as at July 31, 2014 (Unaudited)		37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 564,410	\$ (3,345,525)	\$ 4,197,525
Share-based payments	10	-	-	-	-	1,712	-	1,712
Comprehensive loss for the period		-	-	-	-	-	(202,244)	(202,244)
Balance as at January 31, 2015 (Audited)		37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (3,547,769)	\$ 3,996,993
Comprehensive loss for the period		-	-	-	-	-	(135,508)	(135,508)
Balance as at July 31, 2015 (Unaudited)		37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (3,683,277)	\$ 3,861,485

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 six months July 31,

(Expressed in Canadian dollars; Unaudited)

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(135,508)	(176,565)
Non-cash operating items:		
Depreciation	25	55
Share-based payments	-	13,840
Loss on debt settlement	-	7,371
Unrealized loss on marketable securities	-	3,685
	<u>(135,483)</u>	<u>(151,614)</u>
Changes in non-cash working capital items:		
Receivables	(8,277)	21,769
Prepays	25,143	12,579
Trade and other payables	(8,941)	(22,754)
Net cash used in operating activities	<u>(127,558)</u>	<u>(140,020)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	19,550	-
Exploration and evaluation assets	(1,277)	(59,013)
Net cash used in investing activities	<u>18,273</u>	<u>(59,013)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(109,285)	(199,033)
CASH AND CASH EQUIVALENTS, BEGINNING	142,969	454,786
CASH AND CASH EQUIVALENTS, ENDING	33,684	255,753
SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS		
Exploration and evaluation assets in accounts payable and accrued liabilities	\$ 41,850	\$ 15,904

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 six months ended July 31, 2015

(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.

	July 31, 2015	January 31, 2015
Deficit	\$ (3,683,277)	\$(3,547,769)
Working capital	\$47,959	\$166,560

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**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”).

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, 2015 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 management to make estimates, and assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of receivables and mineral tax credit recoverable, recoverability time of tax receivables, impairment of assets, measurement of share-based payments and valuation of reclamation obligations.

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, 2015. 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 six month period ended July 31, 2015 are not necessarily indicative of the results that may be expected for the year ending January 31, 2016.

3. MARKETABLE SECURITIES

On June 28, 2014 the Company received 368,520 shares at \$0.05 as payment from Galileo Petroleum Ltd. ("Galileo") pursuant to a debt settlement of \$18,426 owed to the Company, the fair value of the Galileo shares was \$11,055 and the Company recorded a loss on debt settlement of \$7,371. On October 20, 2014 Galileo consolidated its stock on a three per one consolidation basis. As at July 31, 2015, the Company owns 122,840 shares of Galileo. For the six months ended July 31, 2015, the Company recorded an unrealized loss of \$Nil with respect to these shares (2014 - \$Nil).

4. RECEIVABLES

Receivables consist of the following:

	July 31, 2015	January 31, 2015
	\$	\$
Due from JV partners (Note 6)	9,770	23,093
Government taxes receivable	1,084	781
Other	7,297	7,180
Related parties receivable (Note 8)	55,672	34,492
	<u>73,823</u>	<u>65,546</u>

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

5. EQUIPMENT

	Computer equipment	Total
	\$	\$
Cost		
Balance as at January 31, 2014	320	320
Change in assets	-	-
Balance as at January 31, 2015	320	320
Change in assets	-	-
Balance as at July 31, 2015	320	320
Accumulated depreciation		
Balance as at January 31, 2014	48	48
Depreciation for the year	110	110
Balance as at January 31, 2015	158	158
Depreciation for the year	25	25
Balance as at July 31, 2015	183	183
Carrying amounts		
At January 31, 2014	272	272
At January 31, 2015	162	162
At July 31, 2015	137	137

6. EXPLORATION AND EVALUATION ASSETS**Estrella de Oro Property**

On January 16, 2014, the Company signed a five year option agreement (“the Agreement”) with Kootenay Silver Inc. (“Kootenay”) to earn a 60 percent interest in the 700-hectare Estrella de Oro gold exploration property located in Sonora State, Mexico, approximately 200 kilometers southeast of the city of Hermosillo.

The option payments consist of staged cash payments totaling USD\$150,000, expenditures of USD\$2,000,000 and the issuance of 200,000 common shares of the Company upon regulatory approval (issued).

On October 2014, the Company completed testing targets developed through previous soil, geochemistry, geological mapping and surface sample work, and determined that the property lacked the potential. The Company then advised Kootenay that it would not be proceeding with the option agreement and wrote off \$65,881 (2014 - \$Nil) of project expenditures on the Estrella de Oro Property.

Captain Property

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

As of July 31, 2015, the Company has \$29,000 (January 31, 2015 - \$29,000) reclamation bonds 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.

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)**Todd Creek Property (cont'd)**

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.

Upon earning the 51% interest, the Company, Goldeye, Polar and Geofine formed a Joint Venture (the "JV") on April 30, 2010. Pursuant to the JV agreement, the Company is the operator and holds a 51% interest in the JV and Polar Star and Goldeye each hold a 24.5% interest in the JV.

Upon production, the JV shall pay a royalty to Geofine Consultants Ltd. ("Geofine") of 2.5% of the NSR derived from operations on the property.

Commencing on or before November 30, 2010 and for each anniversary of that date until an NSR is derived from operations on the property, the JV will provide a payment to Geofine of \$25,000. Such payments will be considered as non-refundable advances on any NSR that Geofine shall be entitled to. The JV has the exclusive option to purchase the NSR for \$750,000 for each 0.5% of royalty interest held on the property.

At July 31, 2015, included in receivables is \$9,770 (January 31, 2015 - \$23,093) owing from the JV partners.

As at July 31, 2015, recorded in deposits is \$17,500 (January 31, 2015 - \$17,500) held by Geofine, which has been used towards the posting of a reclamation bond with the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee reclamation of the environment on the Todd Creek Property.

To July 31, 2015, the Company has incurred the following on acquisition and deferred exploration costs:

	January 31, 2014	Additions	January 31, 2015	Additions	July 31, 2015
	\$	\$	\$	\$	\$
Captain Property					
Acquisition costs	275,987	65	276,052	-	276,052
Deferred exploration costs					
Assays	39,796	1,022	40,818	-	40,818
Drilling	734,877	-	734,877	-	734,877
Geological	366,810	9,035	375,845	525	376,370
Geophysical	143,377	-	143,377	-	143,377
Surveying	40,846	-	40,846	-	40,846
Other	1,061	-	1,061	-	1,061
	1,326,767	10,057	1,336,824	525	1,337,349
Mining exploration tax credit	(275,006)	-	(275,006)	-	(275,006)
	1,327,748	10,122	1,337,870	525	1,338,395

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

	January 31, 2014	Additions	January 31, 2015	Additions	July 31, 2015
Todd Creek Property					
Acquisition costs	281,535	12,750	294,285	-	294,285
Deferred exploration costs					
Aircraft	626,189	-	626,189	-	626,189
Assays	201,607	5,480	207,087	2,143	209,230
Camp	237,807	-	237,807	-	237,807
Geological consulting (Note 8)	257,421	-	257,421	-	257,421
Drilling	312,864	-	312,864	-	312,864
Field	234,469	-	234,469	-	234,469
Geophysical	288,630	-	288,630	-	288,630
Other	91,128	-	91,128	-	91,128
Professional	58,424	-	58,424	-	58,424
Salaries and wages	410,555	-	410,555	-	410,555
	2,719,094	5,480	2,724,574	2,143	2,726,717
Mining exploration tax credit	(520,255)	497	(519,758)	-	(519,758)
Write-off of exploration and evaluation assets	(78,500)	-	(78,500)	-	(78,500)
	2,401,874	18,727	2,420,601	2,143	2,422,744
	\$	\$	\$	\$	\$
Estrella de Oro					
Acquisition costs	-	6,000	6,000	-	6,000
Deferred exploration costs					
Assays	-	2,572	2,572	-	2,572
Dirt Work	-	25,773	25,773	-	25,773
Environmental	-	5,012	5,012	-	5,012
Geological	4,170	21,272	25,442	-	25,442
Surveying	-	1,082	1,082	-	1,082
	4,170	55,711	59,881	-	59,881
Write-off of mineral exploration	-	(65,881)	(65,881)	-	(65,881)
	4,170	(4,170)	-	-	-
Total	3,733,792	24,679	3,758,471	2,668	3,761,139

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

7. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	July 31, 2015	January 31, 2015
	\$	\$
Trade payables	55,853	46,561
Accrued liabilities	7,500	29,942
	68,953	76,503

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:

	July 31, 2015	July 31, 2014
	\$	\$
Short-term employee benefits	65,280	65,280
Share-based payments	-	-
	65,280	65,280

b) Other related party transactions

Amounts charged/due from:	Service	Total charged as at		Balance outstanding as at	
		July 31, 2015	July 31, 2014	July 31, 2015	January 31, 2015
		\$	\$		\$
A public company with a director in common with the Company	Rent and Miscellaneous	12,670	27,356	-	-
A private company controlled by a director of the Company (Note 5)	Rent	3,271	6,451	41,972	24,524
A public company with a director in common with the Company (Note 5)	Rent	3,271	6,451	13,700	9,968
		19,211	40,439	55,672	34,492

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment.

9. SHARE CAPITALa) **Authorized**

Authorized: Unlimited number of common shares without par value.

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd)**b) Details of issuance of common shares**

At July 31, 2015, there were 37,772,233 (January 31, 2015 – 37,772,233) issued and fully paid common shares.

Fiscal 2015

On February 10, 2014, the Company issued 200,000 shares at a fair value of \$6,000 pursuant to the signing of the Estrella de Oro Property agreement.

c) Warrants

The continuity of warrants is as follows:

Expiry date	Exercise price	January 31, 2014	Issued	Expired/ cancelled	January 31, 2015	Issued	Expired/ cancelled	July 31, 2015
	\$							
June 20, 2015	0.14	889,705	-	-	889,705	-	(889,705)	-
		889,705	-	-	889,705	-	(889,705)	-
Weighted average exercise price (\$)		0.14	-	-	0.14	-	0.14	-

The weighted average remaining contractual life of the outstanding warrants as at July 31, 2015 is nil years (January 31, 2015 – 0.38 years).

The following table summarizes the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the various warrants:

	2015	2014
Risk-free interest rate	n/a	1.14%
Annualized volatility	n/a	114%
Expected dividend yield	n/a	Nil
Expected option life in years	n/a	1 year

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.

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

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd)

The continuity of options is as follows:

Expiry date	Exercise price	January 31, 2014	Issued	Expired/ forfeited	January 31, 2015	Issued	Expired/ forfeited	July 31, 2015
	\$							
September 8, 2016	0.42	312,500	-	-	312,500	-	-	312,500
September 29, 2016	0.40	50,000	-	-	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	-	-	2,992,500	-	-	2,992,500
Weighted average exercise price (\$)		0.17	-	-	0.17	-	-	0.17
Options vested and exercisable		2,992,500	-	-	2,992,500	-	-	2,992,500
Weighted average exercise price (\$)		0.17	-	-	0.17	-	-	0.17

At July 31, 2015 the weighted average remaining life of the outstanding and exercisable options is 2.29 years (January 31, 2015 – 2.79 years).

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

	July 31, 2015	January 31, 2015	January 31, 2014
Risk-free interest rate	N/A	N/A	1.79% - 1.88%
Annualized volatility	N/A	N/A	164 - 173%
Expected dividend yield	N/A	N/A	Nil
Expected option life	N/A	N/A	5 years

Based on these variables, share based payment expense for the options vested during the three months ended July 31, 2015 was \$Nil (2014 - \$9,118).

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.

f) Reserves (cont'd)

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 six months ended July 31, 2015

(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 six months ended July 31, 2015 was based on the loss attributable to common shareholders of \$135,508 (July 31, 2014 – \$176,565) and a weighted average number of common shares outstanding of 37,772,233 (July 31, 2014 – 37,707,233).

Diluted loss per share did not include the effect of 2,992,500 stock options (2014 – 889,705 warrants and 2,992,500 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended July 31, 2015

(Expressed in Canadian dollars)

12. 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.

13. 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.