



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

**Condensed Consolidated Interim Financial Statements**

**For the three months ended April 30, 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	April 30, 2015 (Unaudited) \$	January 31, 2015 (Audited) \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		76,692	142,969
Marketable securities	3	3,686	3,686
Receivables	4,6,8	74,291	65,546
Prepays		10,267	30,862
		<u>164,936</u>	<u>243,063</u>
<b>Non-current Assets</b>			
Equipment	5	149	162
Exploration and evaluation assets	6	3,760,614	3,758,471
Deposits	6	42,800	42,800
Reclamation bonds	6	29,000	29,000
		<u>3,832,563</u>	<u>3,830,433</u>
		<u>3,997,499</u>	<u>4,073,496</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	7	<u>82,987</u>	<u>76,503</u>
		<u>82,987</u>	<u>76,503</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	6,148,828	6,148,828
Reserves	9	1,395,934	1,395,934
Deficit		<u>(3,630,250)</u>	<u>(3,547,769)</u>
		<u>3,914,512</u>	<u>3,996,993</u>
		<u>3,997,499</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 June 29, 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**

FOR THE THREE MONTHS ENDED APRIL 30,

(Expressed in Canadian dollars; Unaudited)

	Notes	2015	2014
		\$	\$
<b>EXPENSES</b>			
Depreciation	5	12	28
Filing fees		6,178	6,974
Investor relations		9,715	9,898
Office, rent and miscellaneous	8	16,482	20,786
Project search		9,188	-
Professional fees		3,750	5,993
Salaries and benefits	8	37,265	36,791
Share-based payments	9	-	9,118
		<u>82,590</u>	<u>89,588</u>
<b>OTHER ITEMS</b>			
Interest income		(109)	(1,213)
		<u>(109)</u>	<u>(1,213)</u>
<b>COMPREHENSIVE LOSS</b>		<u>82,481</u>	<u>88,375</u>
<b>LOSS PER COMMON SHARE – Basic and Diluted</b>			
	10	\$0.002	\$0.002

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		
<b>Balance as at January 31, 2014 (Audited)</b>		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	-	-	-	-	9,118	-	9,118
Comprehensive loss for the period		-	-	-	-	-	(88,375)	(88,375)
<b>Balance as at April 30, 2014 (Unaudited)</b>		37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 559,688	\$ (3,257,335)	\$ 4,280,993
Share-based payments	10	-	-	-	-	6,434	-	6,434
Comprehensive loss for the period		-	-	-	-	-	(290,434)	(290,434)
<b>Balance as at January 31, 2015 (Audited)</b>		37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (3,547,769)	\$ 3,996,993
Comprehensive loss for the period		-	-	-	-	-	(82,481)	(82,481)
<b>Balance as at April 30, 2015 (Unaudited)</b>		37,772,233	\$ 6,148,828	\$ 731,413	\$ 98,399	\$ 566,122	\$ (3,630,250)	\$ 3,914,512

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)

	2015	2014
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(82,481)	(88,375)
Non-cash operating items:		
Depreciation	13	28
Share-based payments	-	9,118
	<u>(82,468)</u>	<u>(79,229)</u>
Changes in non-cash working capital items:		
Receivables	(8,745)	7,262
Prepays	20,595	18,833
Trade and other payables	13,144	10,899
Net cash used in operating activities	<u>(57,474)</u>	<u>(42,235)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	<u>(8,803)</u>	<u>(23,901)</u>
Net cash used in investing activities	<u>(8,803)</u>	<u>(23,901)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(66,277)	(66,136)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>142,969</u>	<u>454,786</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>76,692</u>	<u>388,650</u>
<b>SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS</b>		
Exploration and evaluation assets in accounts payable and accrued liabilities	\$ 30,049	\$ -

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, 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 19<sup>th</sup> 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, 2015	January 31, 2015
Deficit	\$ (3,630,250)	\$(3,547,769)
Working capital	\$81,949	\$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 three months ended April 30, 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 three month period ended April 30, 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 April 30, 2015, the Company owns 122,840 shares of Galileo. For the three months ended April 30, 2015, the Company recorded an unrealized loss of \$Nil with respect to these shares (2014 - \$Nil).

**4. RECEIVABLES**

Receivables consist of the following:

	April 30, 2015	January 31, 2015
	\$	\$
Due from JV partners (Note 6)	9,770	23,093
Government taxes receivable	1,968	781
Other	10,176	7,180
Related parties receivable (Note 8)	52,377	34,492
	74,291	65,546



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

For the three months ended April 30, 2015

(Expressed in Canadian dollars)

**5. EQUIPMENT**

	<b>Computer equipment</b>	<b>Total</b>
	\$	\$
<b>Cost</b>		
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 April 30, 2015	320	320
<b>Accumulated depreciation</b>		
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	13	13
Balance as at April 30, 2015	171	171
<b>Carrying amounts</b>		
At January 31, 2014	272	272
At January 31, 2015	162	162
At April 30, 2015	149	149

**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 April 30, 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 three months ended April 30, 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 April 30, 2015, included in receivables is \$9,770 (January 31, 2015 - \$23,094) owing from the JV partners.

As at April 30, 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 April 30, 2015, the Company has incurred the following on acquisition and deferred exploration costs:

	January 31, 2014	Additions	January 31, 2015	Additions	April 30, 2015
	\$	\$	\$	\$	\$
<b>Captain Property</b>					
<b>Acquisition costs</b>	275,987	65	276,052	-	276,052
<b>Deferred exploration costs</b>					
Assays	39,796	1,022	40,818	-	40,818
Drilling	734,877	-	734,877	-	734,877
Geological	366,810	9,035	375,845	-	375,845
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	-	1,336,824
Mining exploration tax credit	(275,006)	-	(275,006)	-	(275,006)
	1,327,748	10,122	1,337,870	-	1,337,870

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

For the three months ended April 30, 2015

(Expressed in Canadian dollars)

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

	January 31, 2014	Additions	January 31, 2015	Additions	April 30, 2015
	\$	\$	\$	\$	\$
<b>Todd Creek Property</b>					
<b>Acquisition costs</b>	281,535	12,750	294,285	-	294,285
<b>Deferred exploration costs</b>					
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
<b>Estrella de Oro</b>					
<b>Acquisition costs</b>	-	6,000	6,000	-	6,000
<b>Deferred exploration costs</b>					
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)	-	-	-
<b>Total</b>	3,733,792	24,679	3,758,471	2,143	3,760,614

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

For the three months ended April 30, 2015

(Expressed in Canadian dollars)

**7. TRADE AND OTHER PAYABLES**

Trade and other payables consist of the following:

	April 30, 2015	January 31, 2015
	\$	\$
Trade payables	53,637	46,561
Accrued liabilities	29,350	29,942
	<u>82,987</u>	<u>76,503</u>

**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, 2015	April 30, 2014
	\$	\$
Short-term employee benefits	32,640	32,640
Share-based payments	-	-
	<u>32,640</u>	<u>32,640</u>

## b) Other related party transactions

Amounts charged/due from:	Service	Total charged as at		Balance outstanding as at	
		April 30, 2015	April 30, 2014	April 30, 2015	January 31, 2015
		\$	\$		\$
A public company with a director in common with the Company	Rent and Miscellaneous	12,670	13,678	665	-
A private company controlled by a director of the Company (Note 5)	Rent	3,271	3,271	38,460	24,524
A public company with a director in common with the Company (Note 5)	Rent	3,271	3,271	13,252	9,968
		<u>19,211</u>	<u>20,219</u>	<u>52,377</u>	<u>34,492</u>

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

**9. SHARE CAPITAL**a) **Authorized**

Authorized: Unlimited number of common shares without par value.

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

For the three months ended April 30, 2015

(Expressed in Canadian dollars)

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

At April 30, 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	April 30, 2014
	\$							
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 April 30, 2015 is 0.14 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 three months ended April 30, 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	April 30, 2015
	\$							
September 8, 2015	0.42	312,500	-	-	312,500	-	-	312,500
September 29, 2015	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 April 30, 2015 the weighted average remaining life of the outstanding and exercisable options is 2.54 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:

	October 31, 2014	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 April 30, 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 three months ended April 30, 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 three months ended April 30, 2015 was based on the loss attributable to common shareholders of \$93,160 (April 30, 2014 – \$88,375) and a weighted average number of common shares outstanding of 37,772,233 (April 30, 2014 – 37,707,233).

Diluted loss per share did not include the effect of 889,705 warrants and 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.

**ORESTONE MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended April 30, 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.