ORESTONE MINING CORP.

(An Exploration Stage Company)

Consolidated Financial Statements
(Audited)

For the years ended

January 31, 2019 and 2018

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

Trading Symbol: ORS
Telephone: 604-629-1929

Contents

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Orestone Mining Corp.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Orestone Mining Corp., which comprise the statements of financial position as at January 31, 2019 and 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has not generated any significant revenues, and the continuing operations of the Company are dependent upon its ability to raise adequate financing to commence profitable operations in the future. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Keith Macdonald.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC, Canada
May 30, 2019

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JANUARY 31
(Expressed in Canadian dollars)

	Note	2019	2018
ASSETS			
Current			
Cash		$ 48,349	$ 106,882
Marketable securities	4	33	93
Receivables		1,080	1,057
Prepaid expenses		5,055	-
		54,517	108,032
Non-current			
Exploration and evaluation assets	5	1,493,376	1,386,756
Reclamation bonds	5	29,000	29,000
		1,522,376	1,415,756
		1,576,893	1,523,788
LIABILITIES			
Current			
Trade and other payables	12	141,797	37,896
Due to related parties	8	189,080	68,145
		330,877	106,041
SHAREHOLDERS' EQUITY			
Share capital	6	6,317,718	6,244,948
Shares subscribed	6	35,000	-
Reserves	6	1,671,199	1,563,202
Deficit		(6,777,901)	(6,390,403)
		1,246,016	1,417,747
		$ 1,576,893	$ 1,523,788

Nature of Operations and Going Concern (Note 1)
Events After the Reporting Period (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on May 31, 2019. They are signed on the Company's behalf by:

"David Hottman"
David Hottman, Director

"Gary Nordin"
Gary Nordin, Director

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED JANUARY 31
(Expressed in Canadian dollars)

	Note	2019	2018
Expenses			
Filing fees		$ 19,075	$ 17,705
Investor relations		7,844	16,684
Office, rent and miscellaneous	8	25,961	17,016
Project search		31,753	4,140
Professional fees	8	113,977	45,454
Salaries, benefits and consulting fees	8	100,098	72,732
Share-based payments	8	89,166	42,603
		387,874	216,334
Other items			
Interest income		(376)	(204)
		(376)	(204)
Net loss for the year		387,498	216,130
Total comprehensive loss for the year		$ 387,498	$ 216,130
Basic and diluted loss per share		$ 0.03	$ 0.03
Weighted average number of common shares outstanding		12,176,245	8,626,176

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

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

	Share capital			Reserves				
	Number of shares	**Amount**	**Shares subscribed**	**Warrants**	**Agent's Warrants**	**Share-based payments**	**Deficit**	**Total shareholders' equity**
Balance as at January 31, 2017	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	-	(18,715)	-	-	-	-	-	(18,715)
Share-based payments	-	-	-	-	-	42,603	-	42,603
Net loss and comprehensive loss	-	-	-	-	-	-	(216,130)	(216,130)
Balance as at January 31, 2018	11,546,108	6,244,948	-	856,078	98,399	608,725	(6,390,403)	1,417,747
Shares issues:								
Private placement	1,000,000	81,169	-	18,831	-	-	-	100,000
Share issurance costs	-	(8,399)	-	-	-	-	-	(8,399)
Share-based payments	-	-	-	-	-	89,166	-	89,166
Share subscription	-	-	35,000	-	-	-	-	35,000
Net loss and comprehensive loss	-	-	-	-	-	-	(387,498)	(387,498)
Balance as at January 31, 2019	**12,546,108**	**$ 6,317,718**	**$ 35,000**	**$ 874,909**	**$ 98,399**	**$ 697,891**	**$ (6,777,901)**	**$ 1,246,016**

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

ORESTONE MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31
(Expressed in Canadian dollars)

	Note	2019	2018
Cash provided by (used for):			
Operating activities			
Net loss		$ (387,498)	$ (216,130)
Items not involving cash:			
Share-based payments		89,166	42,603
Loss on revaluation of marketable securities	4	60	51
Changes in non-cash working capital items:			
Receivables		(23)	32,411
Prepaid expenses		(5,055)	-
Trade and other payables		96,752	(40,783)
Due to related parties		120,935	68,145
Cash (used in) operating activities		(85,663)	(113,703)
Investing activities			
Exploration and evaluation assets	5	(109,561)	(16,322)
BC METC refund	5	2,941	14,637
Cash (used in) investing activities		(106,620)	(1,685)
Financing activities			
Net proceeds from issuance of common shares	6	98,750	220,785
Subscription received		35,000	-
Cash provided by financing activities		133,750	220,785
Net (decrease) increase in cash		(58,533)	105,397
Cash - beginning of the year		106,882	1,485
Cash - end of the year		$ 48,349	$ 106,882
Supplemental disclosure with respect to cash flows:			
Exploration and evaluation assets in trade and other payables		$ 22,099	$ 22,099
Share issue costs included in trade and other payables		$ 7,149	$ -

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

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

		January 31, 2019		January 31, 2018
Deficit	$	(6,777,901)	$	(6,390,403)
Working capital (deficiency)	$	(276,360)	$	1,991

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of preparation

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

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

2. BASIS OF PRESENTATION, (Continued)

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the January 31, 2019 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 16 Leases (effective January 1, 2019)

Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, the company will be required to recognize leased assets (“right-of-use” assets) and the related lease liability on the statement of financial position.

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

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS 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.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include 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 the Company’s accounting policies 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 assessment as to whether any impairment exists on the Company’s exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Basis of consolidation

Subsidiary
The consolidated financial statements include the financial statements of the Company and an entity controlled by the Company (its "subsidiary"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company's subsidiary is:

	% of ownership	Jurisdiction	Principal activity
Intuitive Exploration Inc.	100%	Canada	Exploration company

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

Inter-company balances and transactions
Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. At January 31, 2019, the Company had $48,349 in cash.

Foreign currency translation

Functional currency
The functional currency of the Company and its subsidiary is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the presentation and the functional currency of the parent company and its subsidiary.

Transactions and balances
Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates that prevailed at the period end exchange rate. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the period end exchange rate. Revenue and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the year.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Mining exploration tax credits from the Government of British Columbia ("BC METC") for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration and development costs of the respective exploration property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Restoration and environmental obligations

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets

The Company currently has no known material rehabilitation and environmental costs. The Company however has reclamation bonds in place in the amount of $29,000 in respect of the Captain property (Note 5).

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

Share-based payments

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic and diluted losses per common share are calculated using the weighted-average number of common shares outstanding during the year.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Financial instruments

On February 1, 2018, the Company adopted IFRS 9 in accordance with the transitional provisions of the standard. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The change did not impact the carrying value of any of the Company's financial assets on the transition date.

IFRS 9 replaces the 'incurred credit loss model' in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. Under IFRS 9, credit losses are recognized earlier than under IAS 39; it is no longer necessary for a triggering event to have occurred before credit losses are recognized.

The impact on the statement of financial position from the change relating to IFRS 9 has been summarized below.

We have assessed the classification and measurement of the Company's financial assets and financial liabilities under IFRS 9 as follows:

	IAS 39	**IFRS 9**
Financial Assets		
Cash	Fair value though profit or loss	Amortized cost
Marketable securities	Fair value though profit or loss	Fair value though profit or loss
Deposits and receivables*	Amortized cost	Amortized cost
Reclamation bonds	Amortized cost	Amortized cost
**excluding GST*		
Financial Liabilities		
Trade and other payables	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The Company recognizes financial assets and financial liabilities, including derivatives, on the statement of financial position when the Company becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the financial statements when the liability is extinguished either through settlement of or release from the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

Amortized cost
A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial liabilities are measured at amortized cost using the effective interest method unless one of exemptions applies.

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Financial instruments, (Continued)

Fair value through other comprehensive income ("FVTOCI")
A financial asset is measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Fair value through profit or loss ("FVTPL")
All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL. However, an irrevocable election can be made at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL. At initial recognition, a financial liability may be irrevocably designated and measured at FVTPL if one of the specific criteria is met.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Segment reporting

The Company operates in a single geographical segment, being Canada, and a single reporting segment, being the acquisition, exploration and development of mineral property interests.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Flow-through common shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium," are recorded as a deferred charge. As expenditures are renounced, the charge is reversed. The net amount is recognized as flow-through share liability reversal.

4. MARKETABLE SECURITIES

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

January 31, 2018	Shares	Cost	Fair Market Value
Millrock Resources Inc.	333	$ 75	$ 93

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 January 31, 2019, the Company issued a $29,000 (January 31, 2018 - $29,000) reclamation bond to the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee reclamation of the environment on the Captain Property.

Resguardo Property

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

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

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS, (Continued)

Resguardo Property, (Continued)

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

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

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

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

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 $18,715 of share issuance costs. 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.
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On June 15, 2018, the Company completed a non-brokered private placement issuing 1,000,000 units at a price of $0.10 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half of common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.15 until June 14, 2019. The warrants were ascribed a value of $18,831 under Black-Scholes Valuation model with the residual being allocated to share capital.

d. Shares subscribed

On January 8, 2019, the Company received $35,000 with the respect to the private placement of 10,450,091 units ("Units") at a price of $0.11 per Unit, which has not been closed as at year end. Each Unit will consist of one common share of the Company and one common share purchase warrant. Each Warrant will be exercisable for one common share of the Company at a price of $0.15 for two years from the date of issuance. See Note 12.

e. 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.

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (Continued)

e. Share purchase option compensation plan, (Continued)

The continuity of options is as follows:

Expiry date	Exercise price ($)	January 31, 2017	Issued	Expired / cancelled	January 31, 2018	Issued	Expired / cancelled	January 31, 2019
October 26, 2017	0.75	371,000	-	(371,000)	-	-	-	-
June 28, 2018	0.50	125,000	-	(25,000)	100,000	-	(100,000)	-
October 7, 2018	0.50	30,000	-	-	30,000	-	(30,000)	-
November 22, 2022	0.15	-	785,000	-	785,000	-	(400,000)	385,000
April 28, 2023	0.15	-	-	-	-	400,000	-	400,000
June 4, 2023	0.15	-	-	-	-	100,000	-	100,000
October 4, 2023	0.15	-	-	-	-	250,000	-	250,000
Options outstanding		526,000	785,000	(396,000)	915,000	750,000	(530,000)	1,135,000
Options exercisable		526,000	785,000	(396,000)	915,000	600,000	(530,000)	985,000
Weighted average exercise price ($)		$ 0.68	$ 0.15	$ 0.73	$ 0.20	$ 0.15	$ 0.24	$ 0.15

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

At January 31, 2019, the weighted average remaining life of the outstanding and exercisable options is 4.20 years (January 31, 2018 – 4.19 years).

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

	2019	2018
Risk-free interest rate	2.11% - 2.48%	1.64%
Expected stock price volatility	177.26% - 181.53%	182.48%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

Option pricing models require the input of highly 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.

(Expressed in Canadian dollars)

6. SHARE CAPITAL, (Continued)

f. Warrants

Expiry date	Exercise price ($)	January 31, 2017	Issued	Expired	January 31, 2018	Issued	Expired	January 31, 2019
June 14, 2019	0.15	-	-	-	-	500,000	-	500,000
October 25, 2019[a]	0.10	-	3,991,667	-	3,991,667	-	-	3,991,667
Warrants outstanding		-	3,991,667	-	3,991,667	500,000	-	4,491,667
Weighted average exercise price ($)		$Nil	$ 0.10	$Nil	$ 0.10	$ 0.15	$Nil	$ 0.11

[a] 508,334 warrants were subsequently excercised. See Note 12.

At January 31, 2019, the weighted average remaining life of the outstanding warrants is 0.69 year (January 31, 2018 – 1.73 years).

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

	2019	2018
Risk-free interest rate	1.57%	1.45%
Expected stock price volatility	152.27%	194.00%
Expected option life in years	1 year	2 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

g. Reserves

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

7. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended January 31, 2019 was based on the loss attributable to common shareholders of $387,498 (January 31, 2018 – $216,130) and a weighted average number of common shares outstanding of 12,176,245 (January 31, 2018 – 8,626,176).

Diluted loss per share did not include the effect of 1,135,000 stock options (2018 – 915,000 stock options) and 4,491,667 warrants (2018 – 3,991,667) since 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 year ended January 31, 2019:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$ 71,106	$Nil	$Nil	$Nil	$ 2,898	$ 74,004
Mark T. Brown Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$ 2,557	$ 2,557
Andrew Muir * Former Director	$Nil	$Nil	$Nil	$Nil	$ 459	$ 459
Douglas Willock * Former Director	$Nil	$Nil	$Nil	$Nil	$ 513	$ 513
Gary D. Nordin Director	$Nil	$Nil	$Nil	$Nil	$ 3,478	$ 3,478
John Kanderka Director	$Nil	$Nil	$Nil	$Nil	$ 2,898	$ 2,898
Julia Aspillaga Director	$Nil	$Nil	$Nil	$Nil	$ 27,341	$ 27,341
Patrick Daniels Director	$Nil	$Nil	$Nil	$Nil	$ 27,341	$ 27,341

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

For the year ended January 31, 2018:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$ 67,200	$Nil	$Nil	$Nil	$ 5,427	$ 72,627
Mark T. Brown Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$ 1,899	$ 1,899
Andrew Muir Director	$Nil	$Nil	$Nil	$Nil	$ 4,613	$ 4,613
Douglas Willock Director	$Nil	$Nil	$Nil	$Nil	$ 5,156	$ 5,156
Gary D. Nordin Director	$Nil	$Nil	$Nil	$Nil	$ 6,512	$ 6,512
John Kanderka Director	$Nil	$Nil	$Nil	$Nil	$ 5,427	$ 5,427

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS, (Continued)

Related party transactions and balances:

		During the years ended		As at	
			January 31,		January 31,
Amounts in accounts payable:	Services for:	2019	2018	2019	2018
David Hottman	Salaries and benefits	$ 71,106	$ 67,200	$ 117,600	$ 50,400
A private company controlled by a director of the Company	Rent	14,400	14,400	30,162	15,120
A private company with an officer in common with the Company	Accounting and management services	32,200	15,000	26,818	2,625
A private company controlled by a director of the Company	Funds advanced	-	-	14,500	-
Total		$ 117,706	$ 96,600	$ 189,080	$ 68,145

Amounts owing to 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, reclamation bonds, trade and other payables and due to related parties approximate their carrying values. Marketable securities are carried at market value.

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, reclamation bonds and receivables (excluding GST). The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is low.

9. FINANCIAL INSTRUMENTS, (Continued)

(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's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

(c) Interest rate risk

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

(d) Market risk

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

(e) Management of industry risk

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

10. CAPITAL MANAGEMENT

The Company considers its capital structure to be shareholders' equity represented by net assets. 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.

(Expressed in Canadian dollars)

11. INCOME TAXES

No provision has been made for current income taxes as the Company has no taxable income. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		January 31, 2019		January 31, 2018
Net loss for the year	$	(387,498)	$	(216,130)
Statutory tax rate		27.00%		26.00%
Expected income tax recovery		(104,624)		(56,194)
Permanent differences, deductibe and non-deductible amounts		29,603		10,134
Change in valuation allowance		75,021		46,060
Income tax recovery	$	-	$	-

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

		January 31, 2019		January 31, 2018
Exploration and evaluation assets	$	2,316,000	$	2,272,000
Loss carry-forwards		4,728,000		4,451,000
Equipment and other		51,000		55,000
Share issuance costs		18,000		15,000
Valuation allowance		(7,113,000)		(6,793,000)
Net deferred income tax assets	$	-	$	-

For the years ended January 31, 2019 and 2018, there were no issuances of flow-through shares. To January 31, 2019, the Company had no required expenditures under flow-through.

(Expressed in Canadian dollars)

11. **INCOME TAXES**, (Continued)

The tax pools relating to these deductible temporary differences expire as follows:

	Loss carry-forwards
2028	$ 82,258
2029	588,082
2030	565,162
2031	458,077
2032	550,304
2033	649,026
2034	547,818
2035	350,349
2036	304,988
2037	176,378
2038	178,595
2039	277,857
	$ 4,728,894

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at January 31, 2019, the Company has approximately $4.45 million in non-capital losses that can be offset against the taxable income of future years, and which begin expiring at various dates commencing in 2029. The potential future tax benefit of these losses has not been recorded as a future tax asset due to the uncertainty regarding the utilization of these losses.

12. EVENTS AFTER THE REPORTING PERIOD

(a) On April 29, 2019, the Company completed a non-brokered private placement issuing 10,450,091 units (“Units”) at a price of $0.11 per Unit for aggregate gross proceeds of up to $1,149,510 (the “Offering”). Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant will be exercisable for one common share of the Company at a price of $0.15 for two years from the date of issuance. The Company paid a cash fee of $25,846 of the proceeds of the Offering to certain arm’s length finders.

(b) The Company issued an aggregate of 508,334 common shares for gross proceeds of $50,833 pursuant to the exercise of warrants.

(c) On May 9, 2019 the Company settled US$43,163 ($56,733) payable to a vendor for a cash payment of US$25,489.