



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

**Condensed Consolidated Interim Financial Statements  
(Unaudited)**

**Nine months ended  
October 31, 2020 and 2019**

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

Trading Symbol: ORS  
Telephone: 604-629-1929



## Contents

	Page
Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements	3
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Comprehensive Loss	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes To Condensed Consolidated Interim Financial Statements	8-18

**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 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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Note	October 31, 2020 (Unaudited)	January 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 306,312	\$ 159,419
Marketable securities	4	35	47
Receivables		2,724	3,639
Due from related party	8	34,720	34,720
Prepaid expenses	8	7,303	23,537
		<u>351,094</u>	<u>221,362</u>
<b>Non-current</b>			
Exploration and evaluation assets	5	1,966,713	2,370,236
IVA receivable		42,381	-
Reclamation bonds	5	15,000	29,000
		<u>2,024,094</u>	<u>2,399,236</u>
		<u>2,375,188</u>	<u>2,620,598</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		9,172	46,545
Due to related parties	8	17,266	13,020
		<u>26,438</u>	<u>59,565</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	8,142,571	7,559,093
Reserves	6	2,873,695	2,423,238
Deficit		(8,667,516)	(7,421,298)
		<u>2,348,750</u>	<u>2,561,033</u>
		<u>\$ 2,375,188</u>	<u>\$ 2,620,598</u>

**Nature of Operations and Going Concern (Note 1)**

These consolidated financial statements are authorized for issue by the Board of Directors on December 22, 2020. 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 condensed consolidated interim financial statements.*

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars; Unaudited)

	Note	Three months ended October 31		Nine months ended October 31	
		2020	2019	2020	2019
<b>Expenses</b>					
Filing fees		\$ 1,255	\$ 8,232	\$ 10,568	\$ 21,055
Investor relations		13,453	17,815	44,720	55,283
Marketing		4,500	20,975	10,243	20,975
Office, rent and miscellaneous	8	11,417	16,745	33,218	33,945
Project search		-	830	-	15,796
Professional fees	8	16,944	24,853	47,448	52,970
Salaries, benefits and consulting fees	8	50,991	66,392	203,023	154,973
Share-based payments	8	(51,203)	31,883	144,225	114,390
Travel	8	4,688	9,577	11,950	28,413
		<u>52,045</u>	<u>197,302</u>	<u>505,395</u>	<u>497,800</u>
<b>Other items</b>					
Impairment of exploration and evaluation assets	5	735,346	-	735,346	-
Foreign exchange loss		(449)	2,699	5,642	2,699
Gain on debt settlement		-	-	-	(23,231)
Interest income		(109)	(200)	(165)	(200)
		<u>734,788</u>	<u>2,499</u>	<u>740,823</u>	<u>(20,732)</u>
Net loss before income taxes		<u>786,833</u>	<u>199,801</u>	<u>1,246,218</u>	<u>477,068</u>
Total comprehensive loss for the period		<u>\$ 786,833</u>	<u>\$ 199,801</u>	<u>\$ 1,246,218</u>	<u>\$ 477,068</u>
Basic and diluted loss per share		<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ 0.04</u>	<u>\$ 0.02</u>

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

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

	Share capital			Reserves				Total shareholders' equity
	Number of shares	Amount	Shares subscribed	Warrants	Agent's Warrants	Share-based payments	Deficit	
<b>Balance as at January 31, 2019 (Audited)</b>	12,546,108	\$ 6,317,718	\$ 35,000	\$ 874,909	\$ 98,399	\$ 697,891	\$ (6,777,901)	\$ 1,246,016
Shares issues:								
Private placement	14,623,841	1,200,316	(35,000)	616,994	-	-	-	1,782,310
Share insurance costs	-	(91,242)	-	-	-	-	-	(91,242)
Exercise of warrants	1,008,334	132,301	-	(31,467)	-	-	-	100,834
Share-based payments	-	-	-	-	-	114,390	-	114,390
Net loss and comprehensive loss	-	-	-	-	-	-	(477,068)	(477,068)
<b>Balance as at October 31, 2019 (Unaudited)</b>	28,178,283	7,559,093	-	1,460,436	98,399	812,281	(7,254,969)	2,675,239
Shares issues:								
Private placement	-	-	-	-	-	-	-	-
Share insurance costs	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	52,122	-	52,122
Net loss and comprehensive loss	-	-	-	-	-	-	(166,329)	(166,329)
<b>Balance as at January 31, 2020 (Audited)</b>	28,178,283	7,559,093	-	1,460,436	98,399	864,403	(7,421,298)	2,561,033
Shares issues:								
Private placement	10,625,000	483,216	-	366,824	-	-	-	850,040
Share insurance costs	-	(27,012)	-	-	-	-	-	(27,012)
Exercise of warrants	444,546	127,274	-	(60,592)	-	-	-	66,682
Share-based payments	-	-	-	-	-	144,225	-	144,225
Net loss and comprehensive loss	-	-	-	-	-	-	(1,246,218)	(1,246,218)
<b>Balance as at October 31, 2020 (Unaudited)</b>	39,247,829	\$ 8,142,571	-	\$ 1,766,668	\$ 98,399	\$ 1,008,628	\$ (8,667,516)	\$ 2,348,750

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

**ORESTONE MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars; Unaudited)

	Note	Nine months ended October 31	
		2020	2019
<b>Cash provided by (used for):</b>			
<b>Operating activities</b>			
Net loss		\$ (1,246,218)	\$ (477,068)
Items not involving cash:			
Gain on debt settlement		-	(23,231)
Share-based payments		144,225	114,390
Loss (gain) on revaluation of marketable securities	4	12	(30)
Impairment of exploration and evaluation assets	5	735,346	-
Changes in non-cash working capital items:			
Receivables		915	(65,166)
Prepaid expenses		16,234	(27,728)
Trade and other payables		(37,373)	(115,014)
Due to related parties		4,246	(162,368)
Cash (used in) operating activities		<u>(382,613)</u>	<u>(756,215)</u>
<b>Investing activities</b>			
Exploration and evaluation assets	5	(331,823)	(571,688)
IVA receivable		(42,381)	-
Reclamation bond	5	14,000	-
Cash (used in) investing activities		<u>(360,204)</u>	<u>(571,688)</u>
<b>Financing activities</b>			
Net proceeds from issuance of common shares	6	823,028	1,691,068
Proceeds from exercise of warrants	6	66,682	100,833
Cash provided by financing activities		<u>889,710</u>	<u>1,791,901</u>
<b>Net increase in cash</b>		146,893	463,998
<b>Cash - beginning of the period</b>		<u>159,419</u>	<u>48,349</u>
<b>Cash - end of the period</b>		<u>\$ 306,312</u>	<u>\$ 512,347</u>
<b>Supplemental disclosure with respect to cash flows:</b>			
Exploration and evaluation assets in trade and other payables		\$ -	\$ 255,121

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 nine months ended October 31, 2020 and 2019

(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 19<sup>th</sup> 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”.

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 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.

	October 31, 2020	January 31, 2020
Deficit	\$ (8,667,516)	\$ (7,421,298)
Working capital	\$ 324,656	\$ 161,797

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### (b) Basis of preparation

These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

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



## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the nine months ended October 31, 2020 and 2019  
(Expressed in Canadian dollars)

---

### 3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended January 31, 2020.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended January 31, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended October 31, 2020 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2021.

### 4. MARKETABLE SECURITIES

				Fair Market
October 31, 2020	Shares	Cost		Value
Millrock Resources Inc.	333	\$ 75	\$	35

  

				Fair Market
January 31, 2020	Shares	Cost		Value
Millrock Resources Inc.	333	\$ 75	\$	47

### 5. EXPLORATION AND EVALUATION ASSETS

#### Captain Property

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

As at October 31, 2020, the Company had issued a \$15,000 (January 31, 2020 - \$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 in 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 (paid);
- (iii) US\$220,000 on or before the second anniversary of the Agreement (not paid as option to purchase agreement was terminated);
- (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; and
- (vii) Completing 2,000 metres of drilling at any time during the option period.

Pursuant to the Agreement, CMR irrevocably offers to sell, assign and transfer the mining concessions to the Company together with specified rights 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 requirement. If the Company decides not to exercise the option to purchase, any outstanding installment payments will not accrue and those payments made are non-refundable.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the nine months ended October 31, 2020 and 2019  
(Expressed in Canadian dollars)

### 5. EXPLORATION AND EVALUATION ASSETS, (Continued)

#### Resguardo Property, (Continued)

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.

On November 22, 2019, the Company and Cerro Golpe de Rayo SpA (“Cerro”), a 100% owned subsidiary of the Company, entered into an assignment agreement of unilateral option for the purchase of mining concessions (the “Assignment Agreement”) in respect of the above-noted Agreement. Pursuant to the Assignment Agreement, the right to acquire the mining concessions was transferred by the Company to Cerro whereby Cerro has the same rights and obligations as the Company had under the Agreement. Consideration for the assignment of the Agreement is 154,058,050 pesos (\$256,000), which constitutes a credit in favour of the Company, due from Cerro that will then be capitalized.

Following a review of the results from the recent reverse circulation drilling program, the low copper gold values encountered on the primary target do not justify further work and Orestone terminated the Agreement with CMR. This resulted in an impairment of \$735,346 as of October 31, 2020.

	<b>Captain Property</b>	<b>Resguardo Property</b>	<b>Total</b>
<b>Property acquisition costs</b>			
Balance, January 31, 2020	\$ 295,158	\$ 288,934	\$ 584,092
Property payments	1,766	-	1,766
Balance, October 31, 2020	296,924	288,934	585,858
<b>Deferred exploration costs</b>			
Balance, January 31, 2020	1,955,507	126,401	2,081,908
Assays	-	15,589	15,589
Claim maintenance fee	-	26,732	26,732
Drilling	-	227,425	227,425
Field supplies and maps	3,870	5,891	9,761
Geological consulting	3,176	38,667	41,843
Legal	500	5,707	6,207
Other	2,500	-	2,500
Balance, October 31, 2020	1,965,553	446,412	2,411,965
<b>Mining exploration tax credit</b>			
Balance, January 31, 2020	(295,764)	-	(295,764)
Additions	-	-	-
Balance, October 31, 2020	(295,764)	-	(295,764)
Impairment	-	(735,346)	(735,346)
<b>Total</b>	<b>\$ 1,966,713</b>	<b>\$ -</b>	<b>\$ 1,966,713</b>

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS, (Continued)**

	<b>Captain Property</b>	<b>Resguardo Property</b>	<b>Total</b>
<b>Property acquisition costs</b>			
Balance, January 31, 2019	\$ 292,808	\$ 91,609	\$ 384,417
Property payments	2,350	197,325	199,675
Balance, January 31, 2020	295,158	288,934	584,092
<b>Deferred exploration costs</b>			
Balance, January 31, 2019	1,396,902	7,821	1,404,723
Assays	16,513	7,441	23,954
Camp, travel and meals	27,377	3,048	30,425
Claim maintenance fee	-	31,204	31,204
Drilling	481,860	-	481,860
Field supplies and maps	7,855	2,265	10,120
Geological consulting	25,000	15,918	40,918
Geophysical consulting	-	17,394	17,394
Surveying	-	17,242	17,242
Legal	-	24,068	24,068
Balance, January 31, 2020	1,955,507	126,401	2,081,908
<b>Mining exploration tax credit</b>			
Balance, January 31, 2019	(295,764)	-	(295,764)
Additions	-	-	-
Balance, January 31, 2020	(295,764)	-	(295,764)
<b>Total</b>	<b>\$ 1,954,901</b>	<b>\$ 415,335</b>	<b>\$ 2,370,236</b>

## **ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

---

### **6. SHARE CAPITAL**

#### **a. Authorized**

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

#### **b. Share issuance**

##### **Fiscal 2021**

During the nine months ended October 31, 2020, the Company issued an aggregate of 444,546 common shares for gross proceeds of \$66,682 pursuant to the exercise of warrants.

On May 29, 2020, the Company completed a non-brokered private placement issuing 10,625,000 units ("Unit") at a price of \$0.08 per Unit for gross proceeds of \$850,000. Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at a price of \$0.12 until May 29, 2022. If the closing trading price of the shares on the TSX Venture Exchange (or such other stock exchange on which the shares may be listed) is at or greater than \$0.25 per share for any 20 consecutive trading days at any time commencing after September 29, 2020, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the earlier of (a) the 10th trading day after the date on which such notice is given by the Company and (b) the original expiry date of the warrants. No finders' fees were paid in connection with the private placement. The Company incurred \$27,012 share issue costs related to this private placement.

##### **Fiscal 2020**

During the year ended January 31, 2020, the Company issued an aggregate of 1,008,334 common shares for gross proceeds of \$100,834 pursuant to the exercise of warrants.

On August 20, 2019, the Company closed the first tranche of a non-brokered private placement by issuing 1,573,750 units ("Unit") at a price of \$0.16 per Unit for gross proceeds of \$251,800, and on August 23, 2019 closed the second and final tranche of \$416,000 by issuing 2,600,000 units at a price of \$0.16 per Unit. Each Unit consisted of one common share of the Company qualifying as a "flow-through" share pursuant to the Income Tax Act (Canada) ("Flow-Through Share") and one-half of one common share purchase warrant, with each whole warrant being exercisable to purchase one (non flow-through) common share of the Company at a price of \$0.22 until August 20, 2020 for the first tranche and until August 23, 2020 for the second tranche. The warrants were ascribed a value of \$121,647 under the Black-Scholes valuation model with the residual being allocated to share capital. Finders' fees amounting to \$26,040 were paid in connection with the private placement. The Company also incurred \$13,860 in share issue costs.

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 \$1,149,510 (the "Offering"). Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at a price of \$0.15 for two years from the date of issuance. The warrants were ascribed a value of \$495,347 under the Black-Scholes valuation model with the residual being allocated to share capital. Finders' fees amounting to \$25,846 were paid in connection with private placement. The Company also incurred \$25,496 in share issue costs.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

### 6. SHARE CAPITAL, (Continued)

#### c. Share purchase option compensation plan

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

The continuity of options is as follows:

Expiry date	Exercise price (\$)	January 31, 2019	Issued	Expired / cancelled	January 31, 2020	Issued	Expired / cancelled	October 31, 2020
November 22, 2022	0.15	385,000	-	-	385,000	-	-	385,000
April 28, 2023	0.15	400,000	-	-	400,000	-	-	400,000
June 4, 2023	0.15	100,000	-	(100,000)	-	-	-	-
October 4, 2023	0.15	250,000	-	(100,000)	150,000	-	-	150,000
June 3, 2024	0.15	-	1,015,000	-	1,015,000	-	-	1,015,000
August 29, 2024	0.20	-	300,000	-	300,000	-	(10,000)	290,000
June 8, 2025	0.12	-	-	-	-	1,150,000	-	1,150,000
Options outstanding		1,135,000	1,315,000	(200,000)	2,250,000	1,150,000	(10,000)	3,390,000
Options exercisable		985,000	911,250	(200,000)	1,846,250	575,000	(10,000)	2,815,000
Weighted average exercise price (\$)		\$ 0.15	\$ 0.16	\$ 0.15	\$ 0.15	\$ 0.12	\$ 0.20	\$ 0.14

At October 31, 2020, the weighted average remaining life of the outstanding and exercisable options is 3.62 years (January 31, 2020 – 3.87 years).

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

	2020	2019
Risk-free interest rate	1.32%	1.34%
Expected stock price volatility	168.90%	165.06%
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 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.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the nine months ended October 31, 2020 and 2019  
(Expressed in Canadian dollars)

### 6. SHARE CAPITAL, (Continued)

#### d. Warrants

Expiry date	Exercise price (\$)	January 31, 2019	Issued	Exercised	Expired	January 31, 2020	Issued	Exercised	Expired	October 31, 2020
June 14, 2019	0.15	500,000	-	-	(500,000)	-	-	-	-	-
October 25, 2019	0.10	3,991,667	-	(1,008,334)	(2,983,333)	-	-	-	-	-
August 20, 2020	0.22	-	786,875	-	-	786,875	-	-	(786,875)	-
August 23, 2020	0.22	-	1,300,000	-	-	1,300,000	-	-	(1,300,000)	-
April 28, 2021	0.15	-	10,450,091	-	-	10,450,091	-	(444,546)	-	10,005,545
May 29, 2022	0.12	-	-	-	-	-	10,625,000	-	-	10,625,000
Warrants outstanding		4,491,667	12,536,966	(1,008,334)	-	12,536,966	10,625,000	(444,546)	(2,086,875)	20,630,545
Weighted average exercise price (\$)		\$ 0.11	\$ 0.16	\$ 0.10	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.15	\$ 0.22	\$ 0.13

At October 31, 2020, the weighted average remaining life of the outstanding warrants is 1.05 years (January 31, 2020 – 1.13 years).

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

	2020	2019
Risk-free interest rate	1.60%	1.68%
Expected stock price volatility	166.39%	155.71%
Expected option life in years	2 years	2 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

#### e. Reserves

The reserves account records 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 nine months ended October 31, 2020 was based on the loss attributable to common shareholders of \$1,246,218 (October 31, 2019 – \$477,068) and a weighted average number of common shares outstanding of 34,349,476 (October 31, 2019 – 21,299,626).

Diluted loss per share did not include the effect of 3,390,000 stock options (2019 – 2,350,000 stock options) and 20,630,545 warrants (2019 – 12,536,966) since they were anti-dilutive.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

### 8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the nine months ended October 31, 2020:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$ 50,400	\$Nil	\$Nil	\$Nil	\$ 25,316	\$ 75,716
Mark T. Brown Chief Financial Officer <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 7,851	\$ 7,851
Bruce Winfield President, Director <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 12,469	\$ 12,469
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 42,768	\$ 42,768
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 20,936	\$ 20,936
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 6,942	\$ 6,942
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,881	\$Nil

<sup>(a)</sup> Mark T. Brown and Bruce Winfield receive payments for their services through private companies they control. Please refer to the table on the next page.

For the nine months ended October 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	\$50,400	\$Nil	\$Nil	\$Nil	\$ 6,839	\$ 57,239
Mark T. Brown Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$ 11,523	\$ 11,523
Bruce Winfield President, Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 15,323	\$ 15,323
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 18,743	\$ 18,743
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 7,662	\$ 7,662
Julia Aspillaga* Former Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,687	\$ 5,687
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 22,985	\$ 22,985
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,687	\$ 5,687

<sup>(a)</sup> Mark T. Brown and Bruce Winfield receive payments for their services through private companies they control. Please refer to the table on the next page.

\* Julia Aspillaga resigned on October 29, 2019 (date of AGM where she did not stand for re-election)

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the nine months ended October 31, 2020 and 2019  
(Expressed in Canadian dollars)

### 8. RELATED PARTY TRANSACTIONS, (Continued)

Related party transactions and balances:

		Nine months ended		As at	As at
		October 31,		October 31,	January 31,
Amounts in accounts payable:	Services for:	2020	2019	2020	2020
David Hottman	Salaries and benefits	\$ 50,400	\$ 50,400	\$ 4,246	\$ -
A private company controlled by a director of the Company	Rent	-	4,800	-	-
A private company with an officer in common with the Company	Accounting, management, financing and rent services	44,100	45,000	5,145	5,145
A private company controlled by President of the Company	Management services	45,000	37,500	7,875	7,875
<b>Total</b>		<b>\$ 139,500</b>	<b>\$ 137,700</b>	<b>\$ 17,266</b>	<b>\$ 13,020</b>
Amounts in prepaid expenses:	Services for:				
David Hottman	Funds advanced	\$ 4,899	\$ 10,418	\$ 6,720	\$ 8,619
<b>Total</b>		<b>\$ 4,899</b>	<b>\$ 10,418</b>	<b>\$ 6,720</b>	<b>\$ 8,619</b>
Amounts in receivables:	Services for:				
A private company with directors and officers in common	Rent/Funds advanced	\$ -	\$ 1,200	\$ 34,720	\$ 34,720
<b>Total</b>		<b>\$ -</b>	<b>\$ 1,200</b>	<b>\$ 34,720</b>	<b>\$ 34,720</b>

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

### 9. FINANCIAL INSTRUMENTS

The fair value of the Company's cash, marketable securities, receivables and trade and other payables approximate their carrying values.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.



## **ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

---

### **9. FINANCIAL INSTRUMENTS, (Continued)**

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.

#### (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.

#### (f) Currency risk

The Company's property interest in Chile makes it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currency. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of \$43,448 dominated in US dollars.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

---

### 10. CAPITAL MANAGEMENT

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

### 11. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition, exploration and development of mineral property interests. Geographic information is as follows:

	<u>October 31, 2020</u>	<u>January 31, 2020</u>
Non-current assets		
Canada	\$ 1,939,332	\$ 1,983,901
Chile	42,381	415,335
	<u>\$ 1,981,713</u>	<u>\$ 2,399,236</u>