



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

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

**Three months ended  
April 30, 2021 and 2020**

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

Trading Symbol: ORS  
Telephone: 604-629-1929



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

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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	April 30, 2021 (Unaudited)	January 31, 2021 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,341,210	\$ 69,719
Marketable securities	4	35	37
GST receivable		38,282	16,582
Prepaid expenses	8	34,895	12,720
		1,414,422	99,058
<b>Non-current</b>			
Exploration and evaluation assets	5	2,695,683	2,294,998
IVA receivable		43,920	45,690
Reclamation bonds	5	15,000	15,000
		2,754,603	2,355,688
		4,169,025	2,454,746
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		263,746	201,779
Deferred premium on flow-through shares	12	83,005	-
Due to related parties	8	44,779	44,129
		391,530	245,908
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	9,365,074	8,100,841
Reserves	6	3,549,521	2,903,628
Deficit		(9,137,100)	(8,795,631)
		3,777,495	2,208,838
		\$ 4,169,025	\$ 2,454,746

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

These consolidated financial statements are authorized for issue by the Board of Directors on June 29, 2021. 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 April 30	
		2021	2020
Expenses			
Filing fees		\$ 15,368	\$ 6,277
Investor relations		21,585	14,169
Marketing		-	5,743
Office, rent and miscellaneous	8	11,056	10,888
Professional fees	8	19,159	11,302
Salaries, benefits and consulting fees	8	54,474	51,199
Share-based payments	8	277,665	5,024
Travel	8	1,116	2,136
		<u>400,423</u>	<u>106,738</u>
Other items			
Flow-through share premium reversal	12	(60,672)	-
Foreign exchange loss (gain)		1,718	(1,870)
		<u>(58,954)</u>	<u>(1,870)</u>
Net loss before income taxes		<u>341,469</u>	<u>104,868</u>
Total comprehensive loss for the period		<u>\$ 341,469</u>	<u>\$ 104,868</u>
Basic and diluted loss per share		<u>\$ 0.01</u>	<u>\$ 0.00</u>
Weighted average number of common shares outstanding		<u>43,015,265</u>	<u>28,178,283</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, 2020 (Audited)</b>	28,178,283	\$ 7,559,093	\$ -	\$ 1,460,436	\$ 98,399	\$ 864,403	\$ (7,421,298)	\$ 2,561,033
Share subscription	-	-	52,000	-	-	-	-	52,000
Share-based payments	-	-	-	-	-	5,024	-	5,024
Net loss and comprehensive loss	-	-	-	-	-	-	(104,868)	(104,868)
<b>Balance as at April 30, 2020 (Unaudited)</b>	28,178,283	7,559,093	52,000	1,460,436	98,399	869,427	(7,526,166)	2,513,189
Shares issues:								
Private placement	10,625,000	483,176	(52,000)	366,824	-	-	-	798,000
Share issuance costs	-	(29,182)	-	-	-	-	-	(29,182)
Exercise of warrants	444,546	87,754	-	(21,072)	-	-	-	66,682
Share-based payments	-	-	-	-	-	129,614	-	129,614
Net loss and comprehensive loss	-	-	-	-	-	-	(1,269,465)	(1,269,465)
<b>Balance as at January 31, 2021 (Audited)</b>	<b>39,247,829</b>	<b>8,100,841</b>	-	<b>1,806,188</b>	<b>98,399</b>	<b>999,041</b>	<b>(8,795,631)</b>	<b>2,208,838</b>
Shares issues:								
Private placement	17,412,403	1,486,242	-	368,228	-	-	-	1,854,470
Share issuance costs	-	(78,332)	-	-	-	-	-	(78,332)
Flow-through share premium	-	(143,677)	-	-	-	-	-	(143,677)
Share-based payments	-	-	-	-	-	277,665	-	277,665
Net loss and comprehensive loss	-	-	-	-	-	-	(341,469)	(341,469)
<b>Balance as at April 30, 2021 (Unaudited)</b>	<b>56,660,232</b>	<b>\$ 9,365,074</b>	<b>\$ -</b>	<b>\$ 2,174,416</b>	<b>\$ 98,399</b>	<b>\$ 1,276,706</b>	<b>\$ (9,137,100)</b>	<b>\$ 3,777,495</b>

*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)

		<b>Three months ended April 30</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for):</b>			
<b>Operating activities</b>			
Net loss		\$ (341,469)	\$ (104,868)
Items not involving cash:			
Share-based payments		277,665	5,024
Loss (gain) on revaluation of marketable securities	4	2	(13)
Flow-through premium reversal	12	(60,672)	-
Changes in non-cash working capital items:			
GST receivable		(21,700)	341
Prepaid expenses		(22,175)	7,034
Trade and other payables		43,577	(25,007)
Due to related parties		(44,779)	32,122
Cash (used in) operating activities		(169,551)	(85,367)
<b>Investing activities</b>			
Exploration and evaluation assets	5	(338,530)	(15,111)
IVA receivable		1,770	-
Cash (used in) investing activities		(336,760)	(15,111)
<b>Financing activities</b>			
Net proceeds from the private placement	6	1,777,802	-
Subscription received	6	-	52,000
Cash provided by financing activities		1,777,802	52,000
<b>Net increase (decrease) in cash</b>		1,271,491	(48,478)
<b>Cash - beginning of the period</b>		69,719	159,419
<b>Cash - end of the period</b>		\$ 1,341,210	\$ 110,941
<b>Supplemental disclosure with respect to cash flows:</b>			
Exploration and evaluation assets in trade and other payables		\$ 260,201	\$ 500
Share issue costs included in trade and other payables		\$ 1,664	\$ -

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, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

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## 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

	April 30, 2021	January 31, 2021
Deficit	\$ (9,137,100)	\$ (8,795,631)
Working capital (deficiency)	\$ 1,022,892	\$ (146,850)

## 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.



## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months ended April 30, 2021 and 2020  
(Unaudited: expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION, (Continued)

#### (b) Basis of preparation, (Continued)

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.

### 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, 2021.

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, 2021. 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, 2021 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2022.

### 4. MARKETABLE SECURITIES

<b>April 30, 2021</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair Market Value</b>
Millrock Resources Inc.	333	\$ 75	\$ 35

<b>January 31, 2021</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair Market Value</b>
Millrock Resources Inc.	333	\$ 75	\$ 37

### 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 April 30, 2021, the Company had issued a \$15,000 (January 31, 2021 - \$15,000) 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-gold project in northern Chile. Following a review of the results from the reverse circulation drilling program in fiscal 2021, the low copper-gold values encountered on the primary target did not justify further work and Orestone terminated the Agreement. This resulted in an impairment of \$734,863 during the year ended January 31, 2021.

During the term of the Agreement, the Company made cash payments totalling US\$220,000 (\$288,934).

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

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

	<b>Captain Property</b>	<b>Total</b>
<b>Property acquisition costs</b>		
Balance, January 31, 2021	\$ 301,554	\$ 301,554
Staking claims	-	-
Balance, April 30, 2021	<u>301,554</u>	<u>301,554</u>
<b>Deferred exploration costs</b>		
Balance, January 31, 2021	<u>2,289,208</u>	<u>2,289,208</u>
Assays	459	459
Drilling	353,299	353,299
Field supplies and maps	7,804	7,804
Geological consulting	36,223	36,223
Other	2,900	2,900
Balance, April 30, 2021	<u>2,689,893</u>	<u>2,689,893</u>
<b>Mining exploration tax credit</b>		
Balance, January 31, 2021	(295,764)	(295,764)
Additions	-	-
Balance, April 30, 2021	<u>(295,764)</u>	<u>(295,764)</u>
<b>Total</b>	<u>\$ 2,695,683</u>	<u>\$ 2,695,683</u>

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and 2020

(Unaudited: 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, 2020	\$ 295,158	\$ 288,934	\$ 584,092
Staking claims	6,396	-	6,396
Balance, January 31, 2021	301,554	288,934	590,488
<b>Deferred exploration costs</b>			
Balance, January 31, 2020	1,955,507	126,401	2,081,908
Assays	5,308	15,584	20,892
Claim maintenance fee	-	26,397	26,397
Drilling	282,676	224,573	507,249
Field supplies and maps	11,339	6,368	17,707
Geological consulting	31,378	40,992	72,370
Legal	500	5,614	6,114
Other	2,500	-	2,500
Balance, January 31, 2021	2,289,208	445,929	2,735,137
<b>Mining exploration tax credit</b>			
Balance, January 31, 2020	(295,764)	-	(295,764)
Additions	-	-	-
Balance, January 31, 2021	(295,764)	-	(295,764)
Impairment	-	(734,863)	(734,863)
<b>Total</b>	<b>\$ 2,294,998</b>	<b>\$ -</b>	<b>\$ 2,294,998</b>

## **ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

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### **6. SHARE CAPITAL**

#### **a. Authorized**

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

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

##### **Fiscal 2022**

On March 23, 2021, the Company completed a non-brokered private placement of units ("Units") and flow-through common shares ("Flow-Through Shares") for \$1,854,470 (the "Offering"). In part "A" of the Offering, the Company issued 10,228,556 Units at a price of \$0.09 per Unit for gross proceeds of \$920,570. Each Unit consisted of one common share of the Company ("Common Share") and one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one Common Share at a price of \$0.15 until March 23, 2022. In part "B" of the Offering, the Company issued 7,183,847 Flow-Through Shares at a price of \$0.13 per Flow-Through Share for gross proceeds of \$933,900. The Warrants were ascribed a value of \$368,228 under the Black-Scholes valuation model with the residual being allocated to share capital. Finders' fees amounting to \$61,846 were paid in connection with the Offering. The Company also incurred another \$16,486 share issue costs related to this Offering.

##### **Fiscal 2021**

During the year ended January 31, 2021, 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. The warrants were ascribed a value of \$366,824 under the Black-Scholes valuation model with the residual being allocated to share capital. No finders' fees were paid in connection with the private placement. The Company incurred \$29,182 share issue costs related to this private placement.

#### **c. Share purchase option compensation plan**

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

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

**6. SHARE CAPITAL, (Continued)****c. Share purchase option compensation plan, (Continued)**

The continuity of options is as follows:

Expiry date	Exercise price (\$)	January 31, 2020	Issued	Expired / cancelled	January 31, 2021	Issued	Expired / cancelled	April 30, 2021
November 22, 2022	0.15	385,000	-	-	385,000	-	-	385,000
March 2, 2023	0.12	-	-	-	-	400,000	-	400,000
April 28, 2023	0.15	400,000	-	-	400,000	-	-	400,000
October 4, 2023	0.15	150,000	-	-	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	-	(10,000)	290,000	-	-	290,000
June 8, 2025	0.12	-	1,150,000	-	1,150,000	-	-	1,150,000
April 1, 2026	0.12	-	-	-	-	1,615,000	-	1,615,000
Options outstanding		2,250,000	1,150,000	(10,000)	3,390,000	2,015,000	-	5,405,000
Options exercisable		2,250,000	1,150,000	(10,000)	3,390,000	503,750	-	3,793,750
Weighted average exercise price (\$)		\$ 0.16	\$ 0.12	\$ 0.20	\$ 0.14	\$ 0.12	\$Nil	\$ 0.14

At April 30, 2021, the weighted average remaining life of the outstanding and exercisable options is 3.57 years (January 31, 2021 – 3.37 years).

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

	2021	2020
Risk-free interest rate	0.92% - 1.27%	Nil
Expected stock price volatility	157.16% - 178.33%	Nil
Expected option life in years	5 years	Nil
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 three months ended April 30, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

### 6. SHARE CAPITAL, (Continued)

#### d. Warrants

Expiry date	Exercise price (\$)	January 31, 2020	Issued	Exercised	Expired	January 31, 2021	Issued	Expired	April 30, 2021							
August 20, 2020	0.22	786,875	-	-	(786,875)	-	-	-	-							
August 23, 2020	0.22	1,300,000	-	-	(1,300,000)	-	-	-	-							
April 28, 2021	0.15	10,450,091	-	(444,546)	-	10,005,545	-	(10,005,545)	-							
March 23, 2022	0.15	-	-	-	-	-	10,228,556	-	10,228,556							
May 29, 2022	0.12	-	10,625,000	-	-	10,625,000	-	-	10,625,000							
Warrants outstanding		12,536,966	10,625,000	(444,546)	(2,086,875)	20,630,545	10,228,556	(10,005,545)	20,853,556							
Weighted average exercise price (\$)	\$	0.11	\$	0.12	\$	0.15	\$	0.22	\$	0.13	\$	0.15	\$	0.15	\$	0.13

At April 30, 2021, the weighted average remaining life of the outstanding warrants is 0.99 year (January 31, 2021 – 0.80 year).

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

	2021	2020
Risk-free interest rate	0.26%	Nil
Expected stock price volatility	169.77%	Nil
Expected option life in years	1 year	Nil
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 three months ended April 30, 2021 was based on the loss attributable to common shareholders of \$341,469 (April 30, 2020 – \$104,868) and a weighted average number of common shares outstanding of 43,015,265 (April 30, 2020 – 28,178,283).

Diluted loss per share did not include the effect of 5,405,000 stock options (2020 – 2,250,000 stock options) and 20,853,556 warrants (2020 – 12,536,966) since they were anti-dilutive.

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and 2020

(Unaudited: 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 three months ended April 30, 2021:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$ 16,800	\$Nil	\$Nil	\$Nil	\$ 64,224	\$ 81,024
Mark T. Brown Chief Financial Officer <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 25,578	\$ 25,578
Bruce Winfield President, Director <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 22,378	\$ 22,378
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 64,782	\$ 64,782
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 13,348	\$ 13,348
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 42,505	\$ 42,505
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 8,650	\$ 8,650

<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 three months ended April 30, 2020:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$16,800	\$Nil	\$Nil	\$Nil	\$ 478	\$ 17,278
Mark T. Brown Chief Financial Officer <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 654	\$ 654
Bruce Winfield President, Director <sup>(a)</sup>	\$Nil	\$Nil	\$Nil	\$Nil	\$ 708	\$ 708
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 947	\$ 947
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 354	\$ 354
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 1,062	\$ 1,062
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$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.

## ORESTONE MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

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

Related party transactions and balances:

		Three months ended		As at	As at
		2021	2020	April 30,	January 31,
Amounts in due to related parties:	Services for:			2021	2021
David Hottman	Salaries and benefits	\$ 16,800	\$ 16,800	\$ 6,400	\$ 4,264
Gary Nordin	Geological consulting	21,700	-	25,358	21,700
A private company with an officer in common with the Company	Accounting, management, financing and rent services	14,700	14,700	5,145	10,290
A private company controlled by President of the Company	Management services	22,500	22,500	7,875	7,875
<b>Total</b>		<b>\$ 75,700</b>	<b>\$ 54,000</b>	<b>\$ 44,779</b>	<b>\$ 44,129</b>

  

Amounts in prepaid expenses:	Services for:				
David Hottman	Funds advanced	\$ -	\$ -	\$ 6,720	\$ 6,720
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,720</b>	<b>\$ 6,720</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 three months ended April 30, 2021 and 2020

(Unaudited: expressed in Canadian dollars)

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### **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 \$79,140 dominated in US dollars.

## ORESTONE MINING CORP.

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(Unaudited: 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:

	April 30, 2021	January 31, 2021
Non-current assets		
Canada	\$ 2,710,683	\$ 2,309,998
Chile	43,920	45,690
	<u>\$ 2,754,603</u>	<u>\$ 2,355,688</u>

### 12. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

	April 30, 2021	January 31, 2021
Balance, beginning of period	\$ -	\$ -
Deferred premium on flow-through shares issued	143,677	-
Recognition of deferred premium on flow-through shares	(60,672)	-
Balance, end of period	<u>\$ 83,005</u>	<u>\$ -</u>

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.

During the three months ended April 30, 2021, the Company received \$933,900 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of \$143,677. During the three months ended April 30, 2021, the Company incurred and renounced eligible expenditures of \$394,367. These expenditures will not be available to the Company for future deduction from taxable income.

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 deferred income. As at April 30, 2021, the Company has a remaining qualifying expenditure commitment of \$539,533 from the proceeds of flow-through shares issued on March 23, 2021.