



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

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

**Nine months ended  
October 31, 2022 and 2021**

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	October 31, 2022		January 31, 2022
		(Unaudited)		(Audited)
<b>ASSETS</b>				
<b>Current</b>				
Cash		\$ 227,088	\$	753,796
Marketable securities	4	-		20
GST receivable		4,154		10,148
Prepaid expenses	8	5,442		65,161
		236,684		829,125
<b>Non-current</b>				
Exploration and evaluation assets	5	3,068,185		2,897,676
Reclamation bonds	5	25,900		25,900
		3,094,085		2,923,576
		\$ 3,330,769	\$	3,752,701
<b>LIABILITIES</b>				
<b>Current</b>				
Trade and other payables		\$ 18,969	\$	186,381
Deferred premium on flow-through shares	12	20,084		51,929
Due to related parties	8	26,401		32,603
		65,454		270,913
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	6	9,408,395		9,408,395
Reserves	6	3,421,445		3,421,445
Deficit		(9,564,525)		(9,348,052)
		3,265,315		3,481,788
		\$ 3,330,769	\$	3,752,701

**Nature of Operations and Going Concern (Note 1)**  
**Subsequent event (Note 13)**

These consolidated financial statements are authorized for issue by the Board of Directors on December 21, 2022. 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,	
		2022	2021	2022	2021
<b>Expenses</b>					
Filing fees		\$ 679	\$ 3,228	\$ 9,805	\$ 19,713
Investor relations		903	2,371	3,151	54,872
Marketing		4,795	-	4,795	-
Office, rent and miscellaneous	8	9,558	13,467	30,440	34,107
Professional fees	8	30,754	15,051	68,115	51,968
Salaries, benefits and consulting fees	8	41,429	51,058	133,460	162,891
Share-based payments	8	-	(46,237)	-	199,013
Travel	8	-	1,409	3,649	2,577
		<u>88,118</u>	<u>40,347</u>	<u>253,415</u>	<u>525,141</u>
<b>Other items</b>					
Flow-through share premium reversal	12	(1,544)	(806)	(31,845)	(74,059)
Foreign exchange loss (gain)		(1,581)	552	(5,120)	1,115
Commission charges		-	-	20	-
Loss in sale of marketable securities		-	-	5	-
Interest income		-	(37)	(2)	(37)
		<u>(3,125)</u>	<u>(291)</u>	<u>(36,942)</u>	<u>(72,981)</u>
Net loss before income taxes		<u>84,993</u>	<u>40,056</u>	<u>216,473</u>	<u>452,160</u>
Total comprehensive loss for the period		<u>\$ 84,993</u>	<u>\$ 40,056</u>	<u>\$ 216,473</u>	<u>\$ 452,160</u>
Basic and diluted loss per share		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding		<u>56,660,232</u>	<u>56,660,232</u>	<u>56,660,232</u>	<u>49,740,292</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	Warrants	Agent's Warrants	Share-based payments	Deficit	
<b>Balance as at January 31, 2021 (Audited)</b>	39,247,829	\$ 8,100,841	\$ 1,806,188	\$ 98,399	\$ 999,041	\$ (8,795,631)	\$ 2,208,838
Shares issues:							
Private placement	17,412,403	1,484,890	368,228	-	-	-	1,853,118
Share issuance costs	-	(78,332)	-	-	-	-	(78,332)
Flow-through share premium	-	(143,677)	-	-	-	-	(143,677)
Share-based payments	-	-	-	-	199,013	-	199,013
Net loss and comprehensive loss	-	-	-	-	-	(452,160)	(452,160)
<b>Balance as at October 31, 2021 (Unaudited)</b>	<b>56,660,232</b>	<b>9,363,722</b>	<b>2,174,416</b>	<b>98,399</b>	<b>1,198,054</b>	<b>(9,247,791)</b>	<b>3,586,800</b>
Private placement	-	44,673	(43,320)	-	-	-	1,353
Share-based payments	-	-	-	-	(6,104)	-	(6,104)
Net loss and comprehensive loss	-	-	-	-	-	(100,261)	(100,261)
<b>Balance as at January 31, 2022 (Audited)</b>	<b>56,660,232</b>	<b>9,408,395</b>	<b>2,131,096</b>	<b>98,399</b>	<b>1,191,950</b>	<b>(9,348,052)</b>	<b>3,481,788</b>
Net loss and comprehensive loss	-	-	-	-	-	(216,473)	(216,473)
<b>Balance as at October 31, 2022 (Unaudited)</b>	<b>56,660,232</b>	<b>\$ 9,408,395</b>	<b>\$ 2,131,096</b>	<b>\$ 98,399</b>	<b>\$ 1,191,950</b>	<b>\$ (9,564,525)</b>	<b>\$ 3,265,315</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)

		Nine months ended October 31,	
	Note	2022	2021
<b>Cash provided by (used for):</b>			
<b>Operating activities</b>			
Net loss		\$ (216,473)	\$ (452,160)
Items not involving cash:			
Share-based payments		-	199,013
Loss in sale of marketable securities		5	13
Flow-through premium reversal	12	(31,845)	(74,059)
Changes in non-cash working capital items:			
GST receivable		5,994	14,118
Prepaid expenses		59,719	6,000
Trade and other payables		(167,412)	18,214
Due to related parties		(6,202)	(23,672)
Cash (used in) operating activities		(356,214)	(312,533)
<b>Investing activities</b>			
Exploration and evaluation assets	5	(170,509)	(678,670)
BC METC refund		-	64,612
IVA receivable		-	1,444
Reclamation bond		-	(10,900)
Cash (used in) investing activities		(170,509)	(623,514)
<b>Financing activities</b>			
Net proceeds from the private placement	6	-	1,774,786
Proceeds from sale of marketable securities		15	-
Cash provided by financing activities		15	1,774,786
<b>Net increase (decrease) in cash</b>		(526,708)	838,739
<b>Cash - beginning of the period</b>		753,796	69,719
<b>Cash - end of the period</b>		\$ 227,088	\$ 908,458
<b>Supplemental disclosure with respect to cash flows:</b>			
Exploration and evaluation assets in trade and other payables		\$ -	\$ 7,076

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, 2022 and 2021  
(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.

		October 31, 2022	January 31, 2022
Deficit	\$	(9,564,525)	\$ (9,348,052)
Working capital	\$	171,230	\$ 558,212

## 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 nine months ended October 31, 2022 and 2021  
(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, 2022.

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, 2022. 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, 2022 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2023.

### 4. MARKETABLE SECURITIES

October 31, 2022	Shares	Cost	Fair Market Value
Millrock Resources Inc.	-	\$ -	\$ -

January 31, 2022	Shares	Cost	Fair Market Value
Millrock Resources Inc.	333	\$ 75	\$ 20

### 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, 2022, the Company had issued a \$25,900 reclamation bond (January 31, 2022 - \$25,900) to the Ministry of Energy, Mines and Petroleum Resources of British Columbia to guarantee reclamation of the environment on the Captain Property.

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021

(Unaudited: expressed in Canadian dollars)

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

	<b>Captain Property</b>
<b>Property acquisition costs</b>	
Balance, January 31, 2022	\$ 301,554
Permitting and licensing	500
Staking and Claiming	27,629
Balance, October 31, 2022	<u>329,683</u>
<b>Deferred exploration costs</b>	
Balance, January 31, 2022	<u>2,956,498</u>
Assays	4,703
Core and core cutting	1,350
Drilling	54,979
Field supplies	365
Maps, drafting, reproductions	5,494
Geological consulting - Other	4,900
Geophysics CEE	49,490
Other Expl. Expenditures	5,107
Travel & Accom	6,893
Meals	4,400
Truck Rental	4,699
Balance, October 31, 2022	<u>3,098,878</u>
<b>Mining exploration tax credit</b>	
Balance, January 31, 2022	<u>(360,376)</u>
Balance, October 31, 2022	<u>(360,376)</u>
<b>Total</b>	<u>\$ 3,068,185</u>

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021

(Unaudited: expressed in Canadian dollars)

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

	<b>Captain Property</b>
<b>Property acquisition costs</b>	
Balance, January 31, 2021	\$ 301,554
Staking claims	-
Balance, January 31, 2022	<u>301,554</u>
<b>Deferred exploration costs</b>	
Balance, January 31, 2021	<u>2,289,208</u>
Assays	9,670
Drilling	519,405
Field supplies and maps	11,728
Geological consulting	55,783
Road maintenance	62,558
Other	8,146
Balance, January 31, 2022	<u>2,956,498</u>
<b>Mining exploration tax credit</b>	
Balance, January 31, 2021	(295,764)
Additions	<u>(64,612)</u>
Balance, January 31, 2022	<u>(360,376)</u>
<b>Total</b>	<u>\$ 2,897,676</u>

## **ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021

(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 \$1,853,118 (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 \$1,854,470. 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 \$1,854,470. 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 additional share issue costs of \$16,485 related to this Offering.

#### **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 nine months ended October 31, 2022 and 2021

(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, 2021	Issued	Expired / cancelled	January 31, 2022	Issued	Expired / cancelled	October 31, 2022
November 22, 2022	0.15	385,000	-	(35,000)	350,000	-	-	350,000
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	-	(100,000)	915,000	-	-	915,000
August 29, 2024	0.20	290,000	-	-	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	-	-	1,615,000
Options outstanding		3,390,000	2,015,000	(535,000)	4,870,000	-	-	4,870,000
Options exercisable		3,390,000	503,750	(535,000)	4,870,000	-	-	4,870,000
Weighted average exercise price (\$)		\$ 0.14	\$ 0.12	\$ 0.13	\$ 0.14	\$Nil	\$Nil	\$ 0.14

At October 31, 2022, the weighted average remaining life of the outstanding and exercisable options is 2.23 years (January 31, 2022 – 2.98 years).

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

	2022	2021
Risk-free interest rate	Nil	0.92% - 1.27%
Expected stock price volatility	Nil	157.16% - 178.33%
Expected option life in years	Nil	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, 2022 and 2021  
(Unaudited: expressed in Canadian dollars)

### 6. SHARE CAPITAL, (Continued)

#### d. Warrants

Expiry date	Exercise price (\$)	January 31, 2021	Issued	Expired	January 31, 2022	Expired	October 31, 2022
April 28, 2021	0.15	10,005,545	-	(10,005,545)	-	-	-
March 23, 2022	0.15	-	10,228,556	-	10,228,556	(10,228,556)	-
May 29, 2022	0.12	10,625,000	-	-	10,625,000	(10,625,000)	-
Warrants outstanding		20,630,545	10,228,556	(10,005,545)	20,853,556	(20,853,556)	-
Weighted average exercise price (\$)		\$ 0.13	\$ 0.15	\$ 0.15	\$ 0.13	\$ 0.15	\$Nil

At October 31, 2022, the weighted average remaining life of the outstanding warrants is nil (January 31, 2022 – 0.23 year).

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

	2022	2021
Risk-free interest rate	Nil	0.26%
Expected stock price volatility	Nil	169.77%
Expected option life in years	Nil	1 year
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 month ended October 31, 2022 was based on the loss attributable to common shareholders of \$216,473 (October 31, 2021 – \$452,160) and a weighted average number of common shares outstanding of 56,660,232 (October 31, 2021 – 49,740,292).

Diluted loss per share did not include the effect of 4,870,000 stock options (October 31, 2021 – 5,005,000 stock options) and Nil warrants (October 31, 2021 – 20,853,556) since they were anti-dilutive.

**ORESTONE MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended October 31, 2022 and 2021

(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 nine month ended October 31, 2022:

	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	\$Nil	\$ 50,400
Mark T. Brown Chief Financial Officer <sup>(a)</sup>	\$ 57,700	\$Nil	\$Nil	\$Nil	\$Nil	\$ 57,700
Bruce Winfield President, Director <sup>(a)</sup>	\$ 65,625	\$Nil	\$Nil	\$Nil	\$Nil	\$ 65,625
Gary D. Nordin Director	\$ 4,900	\$Nil	\$Nil	\$Nil	\$Nil	\$ 4,900
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$ -
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$ -
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.

For the nine month ended October 31, 2021:

	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	\$ 37,342	\$ 87,742
Mark T. Brown Chief Financial Officer <sup>(a)</sup>	\$ 44,100	\$Nil	\$Nil	\$Nil	\$ 14,825	\$ 58,925
Bruce Winfield President, Director <sup>(a)</sup>	\$ 67,500	\$Nil	\$Nil	\$Nil	\$ 13,059	\$ 80,559
Gary D. Nordin Director	\$ 44,100	\$Nil	\$Nil	\$Nil	\$ 37,900	\$ 82,000
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 7,971	\$ 7,971
James Anderson Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 24,584	\$ 24,584
Patrick Daniels Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,066	\$ 5,066

<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 nine months ended October 31, 2022 and 2021  
(Unaudited: 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 due to related parties:	Services for:	2022	2021	2022	2022
David Hottman	Salaries and benefits	\$ 50,400	\$ 50,400	\$ 4,273	\$ -
Gary Nordin	Geological consulting	4,900	18,200	-	10,500
A private company with an officer in common with the Company	Accounting, management, financing and rent services	57,700	44,100	22,129	10,290
A private company controlled by President of the Company	Management services	65,625	67,500	-	11,813
<b>Total</b>		<b>\$ 178,625</b>	<b>\$ 180,200</b>	<b>\$ 26,401</b>	<b>\$ 32,603</b>

  

Amounts in prepaid expenses:	Services for:				
David Hottman	Funds advanced	\$ -	\$ -	\$ 5,442	\$ 10,911
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,442</b>	<b>\$ 10,911</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, 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

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

Cash is 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 \$15,940 dominated in US dollars.

## ORESTONE MINING CORP.

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### 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:

	October 31, 2022	January 31, 2022
Non-current assets		
Canada	\$ 3,094,085	\$ 2,923,576
	\$ 3,094,085	\$ 2,923,576

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

	October 31, 2022	January 31, 2022
Balance, beginning of period	\$ 51,929	\$ -
Deferred premium on flow-through shares issued	-	143,677
Recognition of deferred premium on flow-through shares	(31,845)	(91,748)
Balance, end of period	\$ 20,084	\$ 51,929

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 nine month ended October 31, 2022, the Company incurred and renounced eligible expenditures of \$206,992.17. 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 October 31, 2022, the Company has a remaining qualifying expenditure commitment of \$130,549 from the proceeds of flow-through shares issued on March 23, 2021.

### 13. SUBSEQUENT EVENT

On November 22, 2002, 350,000 options expired unexercised.