ORESTONE MINING CORP.

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the six months

ended

July 31, 2017

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

Trading Symbol: ORS
Telephone: 604-629-1929

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATMENTS

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 Canadian Institute of Chartered Accountants 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; Unaudited)

	Note	July 31, 2017	January 31, 2017
ASSETS			
Current			
Cash		$ 9,376	$ 1,485
Marketable securities	4	144	144
Receivables		4,894	33,468
		14,414	35,097
Non-current			
Exploration and evaluation assets	5	1,392,741	1,385,071
Reclamation bonds		29,000	29,000
		1,421,741	1,414,071
		$ 1,436,155	$ 1,449,168
LIABILITIES			
Current			
Trade and other payables		$ 93,239	$ 78,679
Shareholders' loan payables		48,269	-
		141,508	78,679
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	6,148,828	6,148,828
Reserves	6	1,395,934	1,395,934
Deficit		(6,250,116)	(6,174,273)
		1,294,647	1,370,489
		$ 1,436,155	$ 1,449,168

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

These consolidated financial statements are authorized for issue by the Board of Directors on September 28, 2017. They are signed on the Company's behalf by:

"David Hottman"	***"Gary Nordin"***
David Hottman, Director	Gary Nordin, Director

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

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

	Note	For the three months ended July 31 2017	For the three months ended July 31 2016	For the six months ended July 31 2017	For the six months ended July 31 2016
Expenses					
Depreciation		$ -	$ -	$ -	$ 113
Filing fees		612	2,683	6,721	8,176
Investor relations		9,465	329	11,645	681
Office, rent and miscellaneous		4,702	10,064	7,997	22,557
Project search		-	-	420	-
Professional fees		9,575	5,089	12,825	8,339
Salaries and benefits		18,293	19,958	36,338	39,763
		42,647	38,123	75,946	79,629
Other items					
Interest income		(104)	(53)	(104)	(105)
Gain on sale of marketable securities	4	-	(9,324)	-	(54,657)
		(104)	(9,377)	(104)	(54,762)
Net loss before income taxes		42,544	28,746	75,843	24,867
Total comprehensive loss for the period		$ 42,544	$ 28,746	$ 75,843	$ 24,867
Basic and diluted loss per share		$ 0.01	$ 0.00	$ 0.01	$ 0.00
Weighted average numbre of common shares outstanding		7,554,441	7,554,441	7,554,441	7,554,441

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

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

	Number of shares	Share capital	Reserves: Warrants	Reserves: Agent's Warrants	Reserves: Share-based payments	Deficit	Total shareholders' equity (deficiency)
Balance as at January 31, 2016 (Audited)	7,554,441	$ 6,148,828	$ 731,413	$ 98,399	$ 566,122	$ (6,074,668)	$ 1,470,095
Net loss and comprehensive loss	-	-	-	-	-	(24,867)	(24,867)
Balance as at July 31, 2016 (Unaudited)	7,554,441	6,148,828	731,413	98,399	566,122	(6,099,535)	1,445,228
Net loss and comprehensive loss	-	-	-	-	-	(74,738)	(74,738)
Balance as at January 31, 2017 (Audited)	7,554,441	6,148,828	731,413	98,399	566,122	(6,174,273)	1,370,490
Net loss and comprehensive loss	-	-	-	-	-	(75,843)	(75,843)
Balance as at July 31, 2017 (Unaudited)	**7,554,441**	**$ 6,148,828**	**$ 731,413**	**$ 98,399**	**$ 566,122**	**$ (6,250,116)**	**$ 1,294,647**

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

ORESTONE MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JULY 31
(Expressed in Canadian dollars; Unaudited)

	Note	For the six months ended July 31 2017	2016
Cash provided by (used for):			
Operating activities			
Net loss		$ (75,843)	$ (24,867)
Items not involving cash:			
Depreciation		-	113
Gain on sale of marketable securities	4	-	(54,657)
Changes in non-cash working capital items:			
Receivables		28,574	(16,628)
Trade and other payables		14,560	(15,533)
Cash used in operating activities		(32,708)	(111,572)
Investing activities			
Exploration and evaluation assets		(7,670)	-
Cash used in investing activities		(7,670)	-
Financing activities			
Proceeds from sale of marketable securities	4	-	156,503
Shareholders' loan payables		48,269	-
Cash provided by financing activities		48,269	156,503
Net increase in cash		7,891	44,931
Cash - beginning of the period		1,485	11,872
Cash - end of the period		$ 9,376	$ 56,803
Supplemental disclosure with respect to cash flows:			
Exploration and evaluation assets in accounts payable and accrued liabilities		$ -	$ 22,099

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

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Orestone Mining Corp. (the "Company" or "Orestone") was incorporated under the Business Corporations Act (British Columbia) on April 30, 2007 and its principal business activity is the acquisition and exploration of mineral properties. The address of the Company's registered and head office is 19th Floor, 885 West Georgia Street, Vancouver, BC V6C 3H4. The Company's shares are listed on the TSX Venture Exchange and trade under the symbol "ORS".

On August 29, 2017, the Company completed a five for one share consolidation *(see Note 6b)*. All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

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

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

		July 31, 2017		January 31, 2017
Deficit	$	(6,250,116)	$	(6,174,273)
Working capital (deficiency)	$	(127,094)	$	(43,582)

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").

2. BASIS OF PRESENTATION *(continued)*

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale, which are stated at fair value through other comprehensive income (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.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2017 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2017.

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, 2017. 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 six-month period ended July 31, 2017 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2018.

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES

On December 15, 2015, the Company sold its Todd Creek JV interest to Millrock Resources Inc. ("Millrock") for net proceeds of $33,500 in cash and 453,333 shares of Millrock (see Note 5). The Company recorded the Millrock shares using a fair value of $102,000. In the month of June 2016, the Company disposed of 453,000 of the Millrock shares for net cash proceeds of $156,503 and recorded a gain on the sale of marketable securities of $9,324. As at July 31, 2017, the Company owned 333 shares of Millrock.

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 July 31, 2017, the Company issued a $29,000 (January 31, 2017 - $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.

Todd Creek Property

On April 3, 2008, the Company signed a property option agreement with Goldeye Exploration Limited ("Goldeye"), Polar Star Mining Corporation ("Polar"), and Geofine Exploration Consultants Ltd. ("Geofine") to acquire an interest in certain claims comprising the Todd Creek Property located in the Skeena Mining Division in northwestern British Columbia.

The Company earned a 51% interest in the Todd Creek Property by making cash payments of $180,000, issuing 34,000 shares (pre-consolidation 170,000 shares) at a fair value of $10,500 and incurring work expenditures of $2,500,000.

On December 15, 2015, the Company sold its interest in the Todd Creek Property to Millrock for consideration as described in Note 4, and recognized a net loss of $2,287,958.

	January 31, 2016	Additions	January 31, 2017	Additions	July 31, 2017
Captain Property					
Acquisition costs	$ 276,117	$ -	$ 276,117	$ -	$ 276,117
Deferred exploration costs					
Assays	41,818	-	41,818	-	41,818
Drilling	734,877	-	734,877	-	734,877
Geological	376,370	16,100	392,470	3,260	395,730
Geophysical	143,377	32,691	176,068	4,410	180,478
Surveying	40,846	-	40,846		40,846
Other	1,061	-	1,061	-	1,061
	1,338,349	48,791	1,387,140	7,670	1,394,810
Mining exploration tax credit	(277,727)	(459)	(278,186)	-	(278,186)
	$ 1,336,739	$ 48,332	$ 1,385,071	$ 7,670	$ 1,392,741

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a. Authorized

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

b. Share consolidation

On August 29, 2017, the Company consolidated its share capital on the basis of one new share for every 5 old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

c. Share 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 ($)	January 31, 2016	Issued	Expired / forfeited	January 31, 2017	Issued	Expired / forfeited	July 31, 2017
September 8, 2016	2.10	62,500	-	(62,500)	-	-	-	-
September 29, 2016	2.00	10,000	-	(10,000)	-	-	-	-
October 26, 2017	0.75	371,000	-	-	371,000	-	(128,600)	242,400
June 28, 2018	0.50	125,000	-	-	125,000	-	(25,000)	100,000
October 7, 2018	0.50	30,000	-	-	30,000	-	-	30,000
Options outstanding		598,500	-	(72,500)	526,000	-	(153,600)	372,400
Options exercisable		598,500	-	-	526,000	-	-	372,400
Weighted average exercise price ($)		$ 0.85	$ -	$ 2.09	$ 0.70	$ -	$ 0.71	$ 0.70

At July 31, 2017, the weighted average remaining life of the outstanding and exercisable options is 0.45 years (January 31, 2017 – 0.95 years).

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

	2017	2016
Risk-free interest rate	N/A	N/A
Expected stock price volatility	N/A	N/A
Expected option life in years	N/A	N/A
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

6. SHARE CAPITAL, (continued)

c. Share purchase option compensation plan (continued)

Option pricing models require the input of highly subject assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

d. Reserves

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

7. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended July 31, 2017 was based on the loss attributable to common shareholders of $75,843 (July 31, 2016 – $24,867) and a weighted average number of common shares outstanding of 7,554,441 (July 31, 2016 – 7,554,441).

Diluted loss per share did not include the effect of 526,000 stock options (2016 – 598,500 stock options) because they were anti-dilutive.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

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

For the six months ended July 31, 2017:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$33,600	$Nil	$Nil	$Nil	$Nil	$Nil	$33,600
Mark T. Brown Chief Financial Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

For the six months ended July 31, 2016:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
David Hottman Chief Executive Officer, Director	$33,600	$Nil	$Nil	$Nil	$Nil	$Nil	$33,600

Related party transactions and balances:

		Six months ended July 31		Balance outstanding	
				July 31	January 31
Amounts in accounts payable:	Services for:	2017	2016	2017	2016
David Hottman	Salaries	$ 33,600	$ 33,600	$ 39,200	$ -
A private company controlled by a director of the Company	Rent	6,000	-	7,560	-
Total		$ 39,600	$ 33,600	$ 46,760	$ -
Amounts in accounts receivable:	Services for:				
A public company with a director in common with the Company	Rent	$ -	$ 21,000	$ -	$ -
A private company controlled by a director of the Company	Expense reimbursements	-	-	2,708	27,881
Total		$ -	$ 21,000	$ 2,708	$ 27,881

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. SHAREHOLDERS' LOAN PAYABLES

The shareholders' loan payables are non-interest bearing, unsecured, and have no fixed terms of repayment.

10. FINANCIAL INSTRUMENTS

The fair value of the Company's cash, marketable securities, receivable 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.

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, marketable securities and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. Receivables are due from the Government of Canada and for reimbursements. Management believes that credit risk related to these amounts is low.

(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 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 and relates to its ability to maintain the current rate of interest on its short-term investment.

10. FINANCIAL INSTRUMENTS, (continued)

(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 three types of risk: currency risk, interest rate risk and price risk. The Company is not subject to currency risk as the functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

(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.

11. CAPITAL MANAGEMENT

The Company considers its capital structure to be shareholders' equity represented by net assets over liabilities. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of exploration and evaluation assets.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

The Company is not subject to externally imposed capital restrictions.

12. EVENT AFTER THE REPORTING PERIOD

On September 5, 2017, the Company announced its intention to proceed with a non-brokered private placement to issue up to 4,000,000 units at a price of $0.05 per unit for gross proceeds of up to $200,000. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at a price of $0.10 within two years of closing. A finder's fee of 6% may be paid in cash on a portion of the private placement.