OREFINDERS

RESOURCES INC.

**AUDITED FINANCIAL STATEMENTS**

**For the year ended**
**October 31, 2015 and fifteen month**
**Period ended October 31, 2014**

**(Expressed in Canadian Dollars)**

## Independent Auditor's Report

To the Shareholders of Orefinders Resources Inc.

We have audited the accompanying financial statements of Orefinders Resources Inc. which comprise the statements of financial position as at October 31, 2015 and 2014, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the year ended October 31, 2015 and fifteen month period ended October 31, 2014, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***
In our opinion, the financial statements present fairly, in all material respects, the financial position of Orefinders Resources Inc. as at October 31, 2015 and 2014, and its financial performance and its cash flows for the year ended October 31, 2015 and fifteen month period ended October 31, 2014, in accordance with International Financial Reporting Standards.

***Emphasis of Matter***
Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises material uncertainties which may cast doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

***Other Matters***
The comparative financial statements presented were audited by another firm of Chartered Professional Accountants who issued an unmodified Independent Auditor's Report dated January 23, 2015 on those comparative statements.

Parker Simone LLP.

February 29, 2016

**OREFINDERS RESOURCES INC.**
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at October 31,

| | Notes | 2015 | 2014 (Note 1) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | $ 198,593 | $ 93,898 |
| Short-term investments | | - | 611,500 |
| GST-HST receivable | | 52,381 | 61,489 |
| Prepaid expenses | | 5,613 | 1,744 |
| | | 256,587 | 768,631 |
| Equipment and software | 5 | 9,296 | 19,205 |
| Exploration and evaluation assets | 6 | 8,092,380 | 7,706,807 |
| **TOTAL ASSETS** | | $ 8,358,263 | $ 8,494,643 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | 7 | $ 38,963 | $ 88,361 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 9 | 13,171,999 | 13,027,749 |
| Share-based payment reserve | | 2,260,458 | 2,201,497 |
| Deficit | | (7,113,157) | (6,822,964) |
| **TOTAL EQUITY** | | 8,319,300 | 8,406,282 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | $ 8,358,263 | $ 8,494,643 |

Going concern (Note 2)
Subsequent events (Note 14)

Approved on behalf of the Directors:

*"Stephen Stewart"*
Stephen Stewart – Director

*"Alex Stewart"*
Alex Stewart– Director

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

**OREFINDERS RESOURCES INC.**
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

| | Notes | Year ended October 31, 2015 | Fifteen months ended October 31, 2014 |
|---|---|---|---|
| | | | (Note 1) |
| **EXPENSES** | | | |
| Consulting and management fees | 8 | $ 171,428 | $ 322,606 |
| Share-based compensation | | 58,961 | 15,797 |
| Amortization | 5 | 9.909 | 22,995 |
| Office, rent and general | | 45,757 | 72,992 |
| Professional fees | | 56,775 | 66,701 |
| Transfer agent, filing fees and shareholder communications | | 71,887 | 112,991 |
| Travel and related costs | | 25,386 | 20,216 |
| Interest income | | - | (30,549) |
| Impairment of exploration and evaluation assets | 6 | - | (146,893) |
| Deferred income tax recovery on flow-through share premium | 12 | (149,910) | - |
| **LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD** | | $ (290,193) | $ (750,642) |
| **Loss per Common Share - Basic and Diluted** | | $ (0.01) | $ (0.02) |
| **Weighted Average Number of Common Shares Outstanding – Basic and Diluted** | | 50,617,214 | 47,961,099 |

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

**OREFINDERS RESOURCES INC.**
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

| | Share capital | | | | |
|---|---|---|---|---|---|
| | Number of shares | Amount | Share-based Payment Reserve | Deficit | Total |
| **Balance at July 31, 2013** | 47,931,143 | 13,019,199 | 2,185,700 | (6,072,322) | 9,132,577 |
| Loss for the period | - | - | - | (750,642) | (750,642) |
| Shares issued for exploration and evaluation assets | 70,000 | 8,550 | - | - | 8,550 |
| Share-based payments | - | - | 15,797 | - | 15,797 |
| **Balance at October 31, 2014** | 48,001,143 | $ 13,027,749 | $ 2,201,497 | $ (6,822,964) | $ 8,406,282 |
| Loss for the year | | | | (290,193) | (290,193) |
| Shares issued for exploration and evaluation assets | 50,000 | 1,500 | - | - | 1,500 |
| Flow-through shares issued for cash | 3,000,000 | 300,000 | - | - | 300,000 |
| Flow-through share premium | - | (150,000) | - | - | (150,000) |
| Share issuance costs | - | (7,250) | - | - | (7,250) |
| Share-based payments | - | - | 58,961 | - | 58,961 |
| **Balance at October 31, 2015** | 51,051,143 | $ 13,171,999 | $ 2,260,458 | $ (7,113,157) | $ 8,319,300 |

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

**OREFINDERS RESOURCES INC.**
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

| | Year ended October 31, 2015 | Fifteen months ended October 31, 2014 (Note 1) |
|---|---|---|
| **CASH PROVIDED BY (USED IN):** | | |
| **OPERATING ACTIVITIES** | | |
| Loss for the period | $ (290,193) | $ (750,642) |
| Items not involving cash | | |
| Amortization | 9,909 | 22,995 |
| Share-based compensation | 58,961 | 15,797 |
| Accrued interest receivable | - | 9,331 |
| Impairment of exploration and evaluation assets | - | 146,893 |
| Deferred income tax recovery | (149,910) | - |
| Changes in non-cash working capital items: | | |
| GST-HST receivable | 9,108 | 79,165 |
| Prepaid expenses | (3,869) | 44,085 |
| Accounts payable and accrued liabilities | (49,398) | (26,559) |
| Net cash used in operating activities | (415,392) | (458,935) |
| **INVESTING ACTIVITIES** | | |
| Proceeds from short-term investments | 611,500 | 2,000,000 |
| Exploration and evaluation assets | (384,163) | (1,558,520) |
| Net cash provided by investing activities | 227,337 | 441,480 |
| **FINANCING ACTIVITY** | | |
| Issuance of common shares | 300,000 | - |
| Share issuance costs | (7,250) | |
| Net cash provided by financing activity | 292,750 | - |
| **NET INCREASE (DECREASE) IN CASH** | 104,695 | (17,455) |
| **CASH, BEGINNING OF PERIOD** | 93,898 | 111,353 |
| **CASH, END OF PERIOD** | $ 198,593 | $ 93,898 |

Supplemental cash flow information (Note 13)

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

## 1. NATURE OF OPERATIONS

Orefinders Resources Inc. ("Orefinders" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 26, 2011 and its principal activity is the exploration and development of exploration and evaluation assets in Canada. On December 17, 2012, the Company completed an Initial Public Offering ("Offering") and its shares were listed for trading on the TSX Venture Exchange ("TSX-V").

The head and principal office of the Company is located at 2500-120 Adelaide St. West, Toronto, Ontario, Canada, M5H 1T1. The Company has no subsidiaries.

The Company changed its fiscal year end from July 31 to October 31 effective for fiscal 2014. Accordingly, the Company's comparative financial statements are presented for the 15 month period ended October 31, 2014.

## 2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown as exploration and evaluation assets is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

The Company has raised funds throughout the current fiscal year and has utilized these funds for its exploration programs and working capital requirements. The ability of Orefinders to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that Orefinders will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Orefinders may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at October 31, 2015, the Company had yet to generate operating revenues, had positive working capital of $217,624 (2014 - $680,270) and an accumulated deficit of $7,113,157 (2014 - $6,822,964). Orefinders has no proven history of performance, earnings or success. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern over the next 12 months should it not be able to obtain the necessary financing to fund exploration programs and working capital requirements.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements were authorized for issue on February 29, 2016 by the directors of the Company.

***Statement of compliance***
The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on FIRS issued and outstanding as of February 29, 2016.

***Basis of presentation***
The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which are measured at fair value, as explained in the accounting policies.

***Functional and presentation currency***
The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the functional and presentation currency. The Company does not have any expenses in foreign currencies.

***Significant estimates and assumptions***
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is the possibility of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and assumptions used in determination the share based payments.

***Significant judgments***
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

***Short- term investments***
Short-term investments consist of highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than 90 days, but not more than 1 year, that are readily convertible to contracted amounts of cash.

***Exploration and evaluation expenditures***
Exploration and evaluation expenditures ("E&E") include the costs of acquiring licenses and costs associated with exploration and evaluation activities. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

E&E costs consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

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

***Impairment of non-financial assets***
At each reporting date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income/loss.

***Share-based payments***
The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payment reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates market and vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

***Loss per share***
Loss per share and comprehensive loss per share is based on the weighted average number of common shares outstanding for the period. In a period when the Company reports a loss and comprehensive loss, the effect of potential issuances of shares under options and warrants outstanding would be anti-dilutive and, therefore basic and diluted loss and comprehensive loss per share are the same.

***Financial instruments***
Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income (loss) to operations. Reversals in respect of equity instruments classified as available-for-sale are not recognized in operations.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

***Financial instruments fair value hierarchy***
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

***Equipment and software***
Equipment and software is stated at historical cost less accumulated amortization and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, using the declining balance method over their expected useful lives, at the following annual rates.

| **Class** | **Amortization rate** |
|---|---|
| Equipment | 30% |
| Software | 55% |

## 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

***Deferred income tax***

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

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be realized, it provides a valuation allowance against the excess.

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

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

***Flow-through share issuances***

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a premium liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a deferred income tax recovery in operations.

## 4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

As of November 1, 2011, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new standards without any significant effect on its financial statements.

IAS 32 – Financial Instruments: Presentation ("IAS 32") The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off;
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements

IAS 36 – Impairment of Assets ("IAS 36") The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

IFRIC 21 – Levies ("IFRIC 21") An interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a

(Expressed in Canadian dollars)

## 4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (cont'd)

levy is the activity described in the relevant legislation that triggers the payment of the levy

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements:

i) IFRS 7 (Amendment): Standard amended to clarity requirements for mandatory effective dates and transition disclosures, effective for annual periods beginning on or after January 1, 2015; and

ii) IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.

## 5. EQUIPMENT AND SOFTWARE

| | Equipment | Software | Total |
|---|---|---|---|
| **Cost** | | | |
| Balance, July 31, 2013 | $ 26,560 | $ 41,570 | $ 68,130 |
| Additions | - | - | - |
| Balance, October 31, 2015 and October 31, 2014 | $ 26,560 | $ 41,570 | $ 68,130 |
| **Accumulated amortization** | | | |
| Balance, July 31, 2013 | $ 3,320 | $ 22,610 | $25,930 |
| Amortization | 9,960 | 13,035 | 22,995 |
| Balance, October 31, 2014 | 13,280 | 35,645 | 48,925 |
| Amortization | 3,984 | 5,925 | 9,099 |
| Balance, October 31, 2015 | 17,264 | 41,570 | 58,834 |
| **Net book value, October 31, 2014** | $ 13,280 | $ 5,925 | $ 19,205 |
| **Net book value, October 31, 2015** | $ 9,296 | $ - | $ 9,296 |

(Expressed in Canadian dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

The following are details of the Company's exploration and evaluation assets:

| | Derlak | Mirado | MZ Claims | South Break Project | Gold Hill Project | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance, July 31, 2013** | **2,183,435** | **3,870,190** | **105,689** | **124,954** | **-** | **6,284,268** |
| Acquisition costs | 36,209 | 127,130 | 31,570 | 1,040 | 28,800 | 224,929 |
| Exploration costs | - | 893,867 | 393,997 | 20,899 | 35,740 | 1,344,503 |
| Impairment | - | - | - | (146,893) | - | (146,893) |
| **Balance, October 31, 2014** | **2,219,644** | **4,891,187** | **531,436** | **-** | **64,540** | **7,706,807** |
| Acquisition costs | - | 3,186 | 31,500 | - | - | 34,686 |
| Exploration costs | - | 270,900 | 77,443 | - | 2,544 | 350,887 |
| Impairment | - | - | - | - | - | - |
| **Balance, October 31, 2015** | **2,219,644** | **5,165,273** | **640,379** | **-** | **67,084** | **8,092,380** |

**Derlak Red Lake Project ("Derlak") and Mirado Gold Project ("Mirado")**

On January 25, 2012 (amended on January 17, 2014, October 23, 2014 and September 9, 2015), the Company entered into an agreement with Fechi, Inc. ("Fechi"), whereby Fechi agreed to transfer all its right, title and interest in an option agreement (the "Jubilee/Fechi Agreement") with Micon Gold Inc. ("Micon") to the Company. Micon subsequently changed its name to Jubilee Gold Exploration Ltd. ("Jubilee").

The terms of the Jubilee/Fechi Agreement provide for the granting of an option by Jubilee to Fechi for the acquisition of a 100% interest in the Derlak and twelve patented claims comprising part of the Mirado. The patented claims are located in the Catherine, McElroy, Baird and Heyson Townships, Ontario.

As of August, 2013, the Company completed its obligation icon and acquired a 100% interest in the 12 patented claims of the Mirado gold project, subject to a 3% NSR. The Mirado patent claims were transferred to the Company.

As of September 9, 2015 Orefinders has completed its obligation to Jubilee to acquire its 100% interest in the Derlak project, subject to a 3% royalty. The Derlak patent claims have been transferred to the Company.

**<u>MZ Claims Comprising Part of the Mirado</u>**

On February 9, 2012, as amended March 27, 2012, the Company entered into an agreement with Fechi whereby Fechi agreed to transfer all right, title and interest in an option agreement for the MZ Claims (the "MZ/Fechi Agreement") to the Company.

The terms of the MZ/Fechi Agreement provides an option for the acquisition of a 100% interest in mining claims in Catherine and McElroy Townships, Ontario, which are contiguous to the Mirado's patented claims. To exercise the option, the Company has made cash payments, issued common shares and incurred exploration expenditures as follows:

(Expressed in Canadian dollars)

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd)

| Due Date | Cash Payments $ | Cumulative Expenditures $ | Share Issuances |
|---|---|---|---|
| February 8, 2012 (paid) | 20,000 | - | - |
| On April 8, 2012 (shares issued with a fair value of $7,500) | - | - | 75,000 |
| February 8, 2013 (paid and incurred; shares issued with a fair value of $13,750) | 25,000 | 50,000 | 25,000 |
| February 8, 2014 (paid and incurred; shares issued with a fair value of $6,750) | 25,000 | 75,000 | 50,000 |
| February 8, 2015 (paid and incurred; shares issued with a fair value of $1,500) | 30,000 | 100,000 | 50,000 |
| February 8, 2016 (paid and incurred; shares issued with a fair value of $500) | 40,000 | 200,000 | 50,000 |
| | 140,000 | 425,000 | 250,000 |

As at the date of these financial statements, the Company has met all of its cash payments, share issuances and expenditure requirements and accordingly has earned a 100% interest in the MZ claims. The MZ Claims are subject to a 2% NSR payable to the vendors of which 1% of the NSR may be purchased by the Issuer for $1,000,000, and the second 1% of the NSR may be purchased for $2,000,000.

**Gold Hill project, Kirkland Lake, Ontario**

On September 19, 2014, the Company entered into an option agreement with Allan Legros, to acquire 9 patented claims encompassing the past producing Gold Hill mine. In order to earn a 100% interest in the mining rights claims, the Company was required to make a cash payment of $27,000 (paid) and issue 20,000 shares (issued with a fair value of $1,800) upon acceptance for filing by the TSX-V.

There is a 1.5% NSR payable to the vendor which can be purchased for $500,000.

The Company retains the exclusive rights to purchase the surface rights for a period of two years from the date of closing being September 29, 2014.

**South Break project, Kirkland Lake, Ontario**

In March 2013, the Company entered into an option agreement to acquire several properties along a major structure which is called the" South Break Project" in the Kirkland Lake-Larder Lake gold district. This land package included patent claims optioned from the "Yost" estate.

A second option was obtained from Misema Holdings Ltd. with regard to four leased mining claims located along the eastern extension of the Yost patent claims, providing four kilometers of strike along the South Break.

To exercise the options, the Company was required to make certain cash payments and incur exploration expenditures annually to 2017.

The Company elected not to make the option payments of $50,000 and $15,000 or other commitments when due on March 8, 2014 and the properties comprising the South Break project were abandoned, with all related costs ($146,893) being fully impaired during the fifteen month period ended October 31, 2014.

(Expressed in Canadian dollars)

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to exploration activities, financing activities, general and administrative expenses and professional fees. The usual credit period taken for trade purchases is between 30 to 90 days.

Accounts payable and accrued liabilities consist of the following:

| | October 31, 2015 | October 31, 2014 |
|---|---|---|
| Trade payables | $ 15,503 | $ 73,361 |
| Accruals | 23,460 | 15,000 |
| | $ 38,963 | $ 88,361 |

## 8. RELATED PARTY TRANSACTIONS

***Key management personnel compensation***

Key management includes directors, president, CEO and executive chairman. The remuneration of the key management of the Company during the year ended October 31, 2015 consisted of management and geological fees of $157,500 (2014 - $267,500) and share based payments valued at $36,526 (2014 - $Nil).

Unless disclosed elsewhere, related party transactions for the year ended October 31, 2015 and the fifteen month period ended October 31, 2014 include:

| | Year ended October 31, 2015 | Fifteen months ended October 31, 2014 |
|---|---|---|
| Management consulting fees | $ 152,500 | $ 147,500 |
| Geological consulting capitalized | 159,000 | 330,000 |
| | $ 311,500 | $ 477,500 |

a) During the year ended October 31, 2015, a company owned or controlled by a director and officer of the Company, charged professional service fees of $21,000 (2014 - $48,000) for Executive Chairman services. Share based payment benefits of $3,000 (2014 - $Nil) was also recognized based on stock options granted and the associated Black-Scholes value.

b) During the year ended October 31, 2015, a company owned or controlled by a director and officer of the Company, charged professional service fees of $108,000 (2014 - $180,000) for executive and geological services. Share based payment benefits of $14,000 (2014 - $Nil) was also recognized based on stock options granted and the associated Black-Scholes value.

c) During the year ended October 31, 2015, a company owned or controlled by a director and officer of the Company, charged professional service fees of $28,500 (2014 - $32,000) for executive and Chairman of the Audit Committee services. Share based payment benefits of $3,000 (2014 - $Nil) was also recognized based on stock options granted and the associated Black-Scholes value.

d) During the year ended October 31, 2015, a director of the Company, charged professional service fees of $Nil (2014 - $7,500) for Chairman of the Audit Committee services.

e) During the year ended October 31, 2015 a company owned or controlled by an officer of the Company, charged professional service fees of $105,000 (2014 - $150,000) for geological consulting services. Share based payment benefits of $12,000 (2014 - $Nil) was also recognized based on stock options granted and the associated Black-Scholes value.

## 8. RELATED PARTY TRANSACTIONS (cont'd)

f) During the year ended October 31, 2015 a director received share based payment benefits of $15,000 (2014 - $Nil) based on stock options granted and the associated Black-Scholes value.

g) During the year ended October 31, 2015, a company owned or controlled by an officer of the Company, charged professional service fees of $12,000 (2014 - $60,000) for CFO services.

h) During the year ended October 31, 2015, a company owned or controlled by an officer of the Company, charged professional service fees of $24,000 (2014 - $Nil) for CFO services. Share based payment benefits of $4,000 (2014 - $ Nil) was also recognized based on stock options granted and the associated Black-Scholes value.

i) During the year ended October 31, 2015, an officer of the Company, charged professional service fees of $13,000 (2014 - $Nil) for CFO services.

## 9. SHARE CAPITAL

***Authorized share capital***
Unlimited number of voting common shares without par value.

***Issued share capital***

On February 8, 2016, the Company issued 50,000 common shares at a fair value of $0.01 per share to the vendors of the MZ claims pursuant to an agreement dated February 9, 2012, as amended March 27, 2012 (see note 6).

On February 2, 2015, the Company issued 50,000 common shares at a fair value of $0.03 per share to the vendors of the MZ claims pursuant to an agreement dated February 9, 2012, as amended March 27, 2012 (see note 6).

On December 22, 2014, the Company completed a Flow through private placement of 3,000,000 common shares at $0.10. The Company incurred $7,500 cash issue costs in connection with the private placement.

On September 29, 2014, the Company issued 20,000 common shares at a fair value of $0.09 per share to the vendors of the Gold Hill project pursuant to an agreement dated September 19, 2014 (see note 6).

On February 2, 2014, the Company issued 50,000 common shares at a fair value of $0.135 per share to the vendors of the MZ claims pursuant to an agreement dated February 9, 2012, as amended March 27, 2012 (see note 6).

***Escrow shares***
As at October 31, 2015, there were 2,117,572 common shares held in escrow which are subject to release under the policies of the TSX-V.

***Stock options***
The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of 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 issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. 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 any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding shares. Otherwise specified otherwise by the Board of Directors options vest on the date of grant.

The changes in options during the year ended October 31, 2015 and the fifteen month period ended October 31, 2014 is as follows:

(Expressed in Canadian dollars)

## 9. SHARE CAPITAL (cont'd)

| | **Year Ended October 31, 2015** | | | **Fifteen Months Ended October 31, 2014** | |
|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | **Weighted average life (years)** | **Number of options** | **Weighted average exercise price** |
| Options outstanding, beginning of period | 4,978,571 | $ 0.49 | 3.25 | 4,778,571 | $ 0.50 |
| Options granted | 1,525,114 | 0.10 | 4.24 | 200,000 | 0.20 |
| Options cancelled | (2,700,000) | (0.46) | (2.81) | - | - |
| Options outstanding, end of period | 3,803,685 | $ 0.35 | 2.49 | 4,978,571 | $ 0.49 |
| Options exercisable, end of period | 3,803,685 | $ 0.35 | 2.49 | 4,928,571 | $ 0.49 |

On May 7, 2014, the Company granted 200,000 stock options with an exercise price of $0.20 and a term of five years. These options vested 25% upon grant and 25% every 3 months thereafter. The total fair value of $21,464 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.50% and an expected volatility of 140%. The granting of these options resulted in a share-based payment expense of $15,797 being recorded during the fifteen months ended October 31, 2014 and $5,667 being recorded in the year ended October 31, 2015.

On January 22, 2015, the Company granted 400,000 stock options with an exercise price of $0.10 and a term of five years. These options vested immediately. The total fair value of $15,562 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.84% and an expected volatility of 200%. The granting of these options resulted in a share-based payment expense of $15,562 being recorded during the year ended October 31, 2015.

On February 4, 2015, the Company granted 1,125,114 stock options with an exercise price of $0.10 and a term of five years. These options vested immediately. The total fair value of $37,732 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.62% and an expected volatility of 200%. The granting of these options resulted in a share-based payment expense of $37,732 being recorded during the year ended October 31, 2015.

The weighted average fair value of all grants in fiscal 2015 was $0.035 (2014 - $0.08) per share.

The following incentive stock options were outstanding and exercisable at October 31, 2015:

| Number of options outstanding | Number of options exercisable | Exercise Price | Expiry Date |
|---|---|---|---|
| 975,000 | 975,000 | $ 0.50 | April 3, 2017 |
| 1,403,571 | 1,403,571 | $ 0.50 | April 3, 2017 |
| 400,000 | 400,000 | $ 0.10 | January 22, 2020 |
| 1,025,114 | 1,025,114 | $ 0.10 | February 4, 2020 |
| 3,803,685 | 3,803,685 | $ 0.35 | |

***Warrants***

As at October 31, 2015 and 2014 no warrants were outstanding.

## 10. CAPITAL MANAGEMENT

The Company's capital structure is adjusted based on managements' and the Board of Directors' decision to fund expenditures with the issuance of debt or equity such that it may complete the acquisition, exploration and development of properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's mineral properties are in the exploration stage and, as a result, the Company does not currently generate cash flow from operations. The Company intends to raise such funds as and when required to complete its exploration projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to Orefinders are through the exercise of outstanding stock options and the sale of equity capital of the Company, the issuance of loans and/or debentures or the sale of an interest in any of its mineral properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that Orefinders will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended October 31, 2015 and the fifteen month period ended October 31, 2014. The Company is not subject to externally imposed capital restrictions

## 11. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts and short term investment. Cash and short term investments is held with major banks in Canada. Management assesses credit risk of cash as remote.

***Liquidity risk***
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

To date, the Company's sole source of funding has been the issuance of equity securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The carrying value of the Company's financial instruments approximates fair value due to their short-term or demand nature.

(Expressed in Canadian dollars)

## 11. FINANCIAL RISK MANAGEMENT (cont'd)

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

| | October 31, 2015 | October 31, 2014 |
|---|---|---|
| Fair value through profit and loss | | |
| Cash | $ 198,593 | $ 93,898 |
| Short-term investments | - | 611,500 |
| | $ 198,593 | $ 705,398 |

Financial liabilities included in the statement of financial position are as follows:

| | October 31, 2015 | October 31, 2014 |
|---|---|---|
| Other-financial liabilities: | | |
| Account payable and accrued liabilities | $ 38,962 | $ 88,361 |
| | $ 38,962 | $ 88,361 |

Cash is classified as a level 1 under the fair value hierarchy.

## 12. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

| | **October 31, 2015** | **October 31, 2014** |
|---|---|---|
| Loss for the year before income taxes | $ 290,193 | $ 750,642 |
| Statutory tax rate | 26% | 26% |
| Expected income tax recovery | (75,450) | (195,167) |
| Flow-through share liability reversal | (38,977) | - |
| Impairment of exploration and evaluation assets | - | 38,192 |
| Share-based compensation | 15,330 | 4,107 |
| Share issue costs | (46,910) | (46,533) |
| Other | 2,691 | 5,979 |
| | (143,316) | (193,422) |
| Tax benefit not realized | 143,316 | 193,422 |
| Deferred income tax expense | $ - | $ - |

The significant components of the Company's deferred tax assets are as follows:

| | **October 31, 2015** | **October 31, 2014** |
|---|---|---|
| Equipment | $ 15,591 | $ 12,721 |
| Exploration and evaluation assets | 373,112 | 541,528 |
| Share issue costs | 95,346 | 138,572 |
| Non-capital losses available for future periods | 527,040 | 373,537 |
| | 1,011,089 | 1,066,358 |
| Valuation allowance | (1,011,089) | (1,066,358) |
| Net deferred tax assets | $ - | $ - |

(Expressed in Canadian dollars)

## 12. INCOME TAXES (cont'd)

The tax pool balances on hand at October 31, 2015, including expire date, are as follows:

| | Non-capital losses | Equipment | Share issue costs | Exploration and evaluation assets |
|---|---|---|---|---|
| 2016 | $ - | $ - | $ 180,424 | $ - |
| 2017 | - | - | 176,473 | - |
| 2018 | - | - | 1,450 | - |
| 2019 | - | - | 1,450 | |
| 2032 | 235,549 | - | - | - |
| 2033 | 457,204 | - | - | - |
| 2034 | 744,861 | - | - | - |
| 2035 | 551,216 | - | - | - |
| No expiry | - | 68,130 | - | 9,500,349 |
| | $ 1,988,830 | $ 68,130 | $ 359,797 | $ 9,500,349 |

Income tax considerations pertaining to the Company's flow-through financings are as follows:

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 in the period permitted.

During the year ended October 31, 2015, the Company received $300,000 from the issue of flow-through shares. To October 31, 2015, the Company expended approximately $296,000 in eligible exploration expenditures and, subsequently met its flow through obligation before the December 31, 2015 deadline.

## 13. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended October 31, 2015 and the fifteen month period ended October 31, 2014, the Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

| | Year ended October 31, 2015 | Fifteen Months ended October 31, 2014 |
|---|---|---|
| Exploration expenditures included in accounts payable and accrued liabilities | $ 7,085 | $ 67,735 |
| Fair value of shares, warrants and option warrants issued for mineral property option payments | $ 1,500 | $ 8,550 |

## 14. SUBSEQUENT EVENTS

On November 20, 2015, the Company granted stock options to purchase 2,600,000 shares at a price of $0.05 per share, exercisable for a period of 5 years from the date of grant.

On December 17, 2015, the final release of 2,117,572 common shares held in escrow was made under the policies of the TSX-V.