

Orefinders Reports 158% IRR & 7 Month Payback on its Preliminary Economic Assessment for the Mirado Mine

TORONTO, Jan. 15, 2018 /CNW/ - Orefinders Resources Inc. ("Orefinders" or the "Company") (TSX.V: ORX) is pleased to announce positive results of the Company's Preliminary Economic Assessment (the "PEA") of the South Zone Open Pit (the "Project"), part of the Mirado Gold Mine located to the southeast of Kirkland Lake, Ontario within the prolific gold producing Abitibi Greenstone Belt.

Project Highlights

This PEA considers only production from a specific area which encompasses approximately five percent of Orefinders' Mirado Project. The Mineral Resource contemplated within this PEA for mining is within the South Zone's open pit, and is near surface mineralization which can be economically mined within a relatively short time frame and without the use of an on-site processing or tailings facility. The Company intends to use the free cash flow from this operation to develop what it sees as the true upside potential on the broader Mirado Project as well as other assets it owns.

This PEA's economics indicate an after-tax internal rate of return ("IRR") for the project of 158% and a pre-tax undiscounted Net Present Value ("NPV") of \$30.8 million and a \$20.5 million after-tax NPV at a 5% discount rate. Payback on capital is reported at 7 months. Average gold price used is US\$1,300 per ounce and an exchange rate of 1.00 USD=0.76 CAD.

The initial preproduction expenditure is estimated at \$2.4 million to achieve first production from the open pit. The project life is three years, after approximately six months of open pit pre-stripping. The Life of Mine ("LOM") cash operating cost is US\$941 per ounce of gold, and the LOM all-in sustaining cost is US\$969 per ounce of gold.

The Project is considered economically viable with the current Mineral Resource Estimate of 559,000 tonnes at an average grade of 2.61 g/t gold for 46,900 ounces of Indicated Mineral Resource and additional Inferred Mineral Resource of 382,000 tonnes at an average grade of 2.66 g/t gold for 32,700 ounces, based on a cut-off grade of 1.0 g/t gold.

- 1. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
- 2. The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.*
- 3. The Mineral Resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.*
- 4. The rounded 1.0 g/t Au cut-off grade utilized in the Mineral Resource Estimate was derived from US\$1,300/oz Au, \$0.76 US\$ exchange rate, C\$3.55/tonne mineral mining cost, C\$25/tonne processing cost, C\$2/tonne G&A cost, C\$8.40/tonne haulage/crushing cost, 95% process recovery, 3% mining losses and 15% mining dilution.*

"We are very pleased with the robust economics that this PEA defines. The objective behind this mine restart project as outlined in this Technical Report is to define a small portion of our overall project which leverages our existing on-site infrastructure, but also the existing infrastructure available to us given the Deposit's location near to Kirkland Lake and the availability of capacity at proximal mills. While the numbers on this PEA are very strong, the Mirado has much broader potential than this standalone project. However, in light of the market's circumstances over the past few years including the cost of capital, we thought it the best course for our shareholders to evaluate a near term production scenario which would allow us to bootstrap the exploration and development of our assets. This project's low initial capital costs in combination with its highly profitable operating margins and short payback period means the open pit at Mirado could start delivering free cash flow to the company's bottom line without unnecessary share dilution", said Stephen Stewart, Orefinders' CEO.

PEA Conclusions

The PEA demonstrates positive economics for the extraction of the Mineral Resources using successive open pit phases. In conducting this assessment, a gold price of US\$1,300 per ounce of gold and exchange rate of 1.00 USD=0.76 CAD was assumed. The results indicate an undiscounted pre-tax NPV of \$30.8 million, a post-tax NPV at a 5% discount rate of \$20.5 million, and a payback period of 7 months from the start of mill feed production of the open pit.

The project is robust at US\$1,300/oz. gold which is less than spot gold prices as of the effective date of the Technical Report. All mining projects are positively and negatively impacted by the prices of commodities, accordingly the Company assessed the sensitivity of these results to different gold prices for undiscounted pre-tax and 5% discounted post-tax cash flows as presented in the table below.

Gold Price (US\$/oz)	Undiscounted Pre-Tax Cash Flow (\$ millions)	Discounted (5%) Post-Tax Cash Flow (\$ millions)
1,375	37.7	25.0
1,350	35.4	23.5
1,325	33.1	22.0
1,300	30.8	20.5
1,275	28.4	19.0

1,250	26.1	17.4
1,225	23.8	15.9
1,200	21.5	14.4
1,175	19.1	12.9

An exchange rate of 1.00 USD=0.76 CAD

This PEA has an accuracy of +/- 35%, which is considered industry standard for preliminary capital and operating cost estimates.

PEA Background

The decision to move forward with this PEA was approved after the Company's approximately 25,000 tonne bulk sample was completed in early 2017 from the stockpiles remaining from the Mirado Mine operations in the late 1980s. The Company completed the on-site crushing and logistics and toll processing of the resource which provided concrete data which was utilized in the PEA. The Company cautions that mining always presents risks, however, we view the project as contemplated in this PEA as a relatively low risk option given the Mirado's previous mining operations as well as its location in the prolific mining jurisdiction within Kirkland Lake and the Abitibi Greenstone Belt. The Company feels confident with the expenses as outlined in this report since many of them were actually incurred during the bulk sampling. Additionally, the Company feels confident with the Mirado's geology which underpins this PEA. The Mirado Deposit has been extensively drilled not only by Orefinders but by previous exploration and mining companies. Orefinders underwent a significant resampling and re-assay program including all available core it had in its possession. This new data and resampling was focussed on Mineral Resources that it deemed minable in the context of its current PEA. Mineral Resources that do not fit this profile, including those found outside of the pit shell at depth or on different zones of the Mirado were not included in the Mineral Resource Estimate underpinning the PEA.

Mirado Land and Location

The Mirado gold project is located 35 km southeast of the gold mining Town of Kirkland Lake in northeastern Ontario. The entire Mirado property encompasses 2,460 hectares, the focus of which consists of 12 contiguous patented claims, with surface and mining rights, owned 100% by Orefinders.

Surrounding the core patented claims, Orefinders has optioned and/or staked 29 additional contiguous claims and 9 patents covering approximately 9 km of prospective strike length. This includes Orefinders 100% owned MZ property which forms the western extension of the Mirado Mine's pit constrained Mineral Resource Estimate.

The Mirado gold project is situated within the Abitibi Gold District which has historically produced more than 150 million ounces of gold over the past century, with more than 75 million ounces of Gold in current Mineral Resources and Reserves (Gosselin and Dube, 2005; GSC OF4896). The prolific Kirkland Lake mining camp is located in eastern Ontario close to the Quebec border and has historically produced 25 million ounces of Gold (Ispolatov et al, 2008). Much of the historical Kirkland Lake gold production has taken place along or near a major regional geological fault structure known as the Larder Lake-Cadillac Fault (LLCF).

Operating and Capital Expenditures

Proposed initial capital expenditures will be minimal due to the decision to seek a toll processing arrangement, the existence of facilities on site, and the use of contractors in the mine operation. It is estimated that the LOM capital requirement is \$2.6 million, of which \$2.4 million are pre-production expenses. The table below presents the major capital items during the life of the Project (excluding the open pit pre-stripping operation which is treated as an operating expense.)

Capital Expenditures (\$M)	
Infrastructure Refurbishment	\$0.450
Permitting & Environmental	\$0.788
Sustaining Capital	\$0.250
Closure	\$1.130
Total Capital Expenditures	\$2.618

The proposed mine plans for both the open pit and underground scenarios use a production rate of 1,000 tonnes per day of mineralized material. Based on this assumption, the following tables highlight the major key performance indicators.

Operating Parameters	
Average Production Rate	1,000 tpd
Average Gold Recoveries	95%
Overburden Stripping	\$3.00 / t
Open Pit Mineral Mining Cost	\$3.55 / t
Waste Rock Mining	\$3.25 / t
Mineral Haulage to Toll Process Plant	\$4.90 / t
Crushing	\$3.50 / t
Toll Processing	\$25.00 / t
General & Administrative Cost	\$2.00 / t
Life of Mine Costs	
Cash Operating Costs	US\$941/oz
All-in Cost	US\$969/oz

Mining Method

The PEA schedule assumes mining of 996,000 tonnes of mineralized material in the open pit at an average grade of 2.33 g/t Gold (at a cut-off of 1.0 g/t Gold). Mining recovery has been estimated at 97% and dilution at 15%.

Proposed mining would begin with pre-stripping and then expanding the Mirado's existing open pit. The deposit was explored and exploited by several past operators since the 1930's. The PEA proposes a conventional truck and shovel open pit with ramp access. Since the LOM currently being contemplated is relatively short, the mining operation would be conducted on a contract basis.

Metallurgy

The PEA has relied on metallurgical test work conducted by SGS Lakefield as reported in Orefinders 2014 report 'The Recovery of Gold From Mirado Project Samples', as well as actual data received from the Westwood Mill upon the processing of Mirado's 25,000 tonne bulk sample completed in 2017.

Press Release

The technical contents of this press release have been reviewed and approved by independent Qualified Persons Eugene Puritch, P. Eng., FEC, CET, and Kirk Rodgers, P. Eng., both of P&E Mining Consultants Inc. All individuals are Qualified Persons pursuant to National Instrument 43-101 standards. The reader is advised that the PEA summarized in this news release is intended to provide an initial conceptual review of the project. The PEA mine plan and economic model include the use of some Inferred Mineral Resources which are considered too speculative geologically to have any economic considerations applied to them that would enable them to be categorized as Mineral Reserves and there is no certainty that the PEA will be realized.

For further Mineral Resource Estimate information the reader may reference the Company's Technical Report titled "Mirado South Zone Open Pit Deposit Preliminary Economic Assessment" which will be filed on SEDAR within 45 days of this news release.

Author of this Report

The PEA was completed by P&E Mining Consultants Inc. of Brampton, Ontario. P&E's National Instrument 43-101 Technical Report on the PEA will be posted under Orefinders Resources Inc. filings on SEDAR at www.sedar.com within 45 days of this news release. The PEA referenced in this news release only considers the South Zone Open Pit portion of the Mirado Gold Mine. It does not include any of the other known zones that comprise the Mirado Mine or Project. The Company intends to advance these additional zones which occur laterally and at depth to the South Zone Open Pit which is contemplated in this PEA.

All dollar values referenced in this press release are in Canadian dollars unless otherwise stated.

Mirado Zones Not Contemplated in the Mineral Resource Estimate Calculation or PEA

Orefinders view of the Mirado properties is that they are highly prospective with regards to gold producing potential, significantly more so than has been shown in this PEA. The Mirado property as a whole is significantly under explored, and the following Zones were not contemplated in the updated Mineral Resource Estimate calculation and PEA:

Mirado North Zone - Mirado North Zone (UTM NAD83, 587,480E/5,318,660N) is a high priority drill target that is situated in a very favourable geological environment where a sizable Gold and polymetallic deposit can be developed. The Company intends to complete a new trenching program to better understand these zones and the controlling structures.

Mirado South Zone at Depth & MZ Zone - High value drill targets identified from recent trenching (2013-14) at MZ with trenches returning similar grades (21.8 g/t Gold over 4.80 metres) to Mirado South High-grade zones as well as identical alteration assemblages. The pyritic 'halo' surrounding MZ high-grade zones (586,617E/5,318,370N) is similar in scale to Mirado suggesting similar hydrothermal conditions.

Gold Hill - 2015 grab sampling identified the vein system at surface, 100m along strike, and returned up to 26.8 g/t Gold (585,622E/5,316,287N). Historical underground sampling returned 77.1 g/t Gold across a 47 cm vein along 42m of drift. Historical reports show that two high-grade Gold veins were traced to the 1100' level (335 metres) and possibly converge at depth (see News Release 15 Oct. 2015). Veins are open at depth and along strike.

Bank - New discovery on surface with narrow high-grade polymetallic vein traced for over 30 metres in length averaging 4.80 g/t Gold up to 80 cm wide (587,161E/5,317,124N) (News Release 2 Nov. 2015). Major mineralized shear up to 6 metres across carries irregular high-grade mineralization. Grab and channel samples returned up to 20.9 g/t Gold and 7.36 g/t Gold respectively.

Charest Syenite - Mineralized syenite intrusion with Gold-rich quartz veins (585,065E/5,321,440N); grab samples returned 14.8 g/t, 10.6 g/t and 1.98 g/t Gold during 2014 prospecting (News Release 2 Nov. 2015). Syenite intrusive bodies are well known in the Abitibi to host large Gold deposits. A 24 metre vertical shaft exists on the syenite but no other details have been found of this work.

About Orefinders

Orefinders is a Gold exploration and development company which is focussed exclusively within the Abitibi Greenstone Belt. The Company owns all of its assets 100% and is listed on the Toronto Venture Exchange under the symbol ORX.

Forward-Looking Statements

This news release may contain forward-looking statements based on assumptions, uncertainties and management's best estimate of future events. Actual events or results could differ materially from the Company's expectations and projections. Investors are cautioned that forward-looking statements involve risks and uncertainties. Accordingly, readers should not place undue reliance on forward-looking statements. When used herein, words such as "anticipate", "will", "intend" and similar expressions are intended to identify forward-looking statements. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to Orefinders Resources Inc.'s filings with Canadian securities regulators available on www.sedar.com or the Company's website at www.orefinders.ca.

QP Statement

The technical information contained in this news release has been reviewed and approved by Charles Beaudry, P.Geo, Director and Vice President Exploration for Orefinders and Eugene Puritch, P.Eng, FEC, CET of P&E Mining Consultants Inc. both whom are Qualified Persons as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects."

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain information in this press release may contain forward-looking statements. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. Orefinders' assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to Orefinders. Additional information identifying risks and uncertainties is contained in filings by Orefinders with Canadian securities regulators, which filings are available under Orefinders' profile at www.sedar.com.

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