



**Condensed Interim  
Consolidated Financial Statements - Unaudited**

**For the Three Months Ended January 31, 2018 and 2017**  
*(Expressed in Canadian Dollars unless otherwise indicated)*

### ***Management's responsibility for financial reporting***

The accompanying condensed interim consolidated financial statements of Orefinders Resources Inc. (the "Company" or "Orefinders") were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 of the condensed interim consolidated financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the interim condensed financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of January 31, 2018 and for the periods presented by the condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### ***Management's assessment of internal control over financial reporting ("ICFR")***

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

*("signed")*  
(Stephen Stewart)  
CEO

*("signed")*  
(Jeffrey Potwarka)  
CFO

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

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

**OREFINDERS RESOURCES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Notes	January 31 2018 <i>(unaudited)</i>	October 31 2017 <i>(audited)</i>
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 445,696	\$ 331,528
Restricted cash	6	88,806	88,806
Marketable securities	7	761,290	632,258
GST-HST receivable		45,048	22,586
Prepaid expenses		2,500	2,500
Total current assets		1,343,340	1,077,678
Equipment	8	1,021	1,103
Exploration and evaluation assets	9,14	8,169,620	6,045,762
<b>TOTAL ASSETS</b>		\$ 9,513,981	\$ 7,124,543
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	\$ 114,269	\$ 152,914
Financing fee payable	12	-	100,000
Flow through share liability	11	30,000	-
Asset retirement obligation	13	88,806	88,806
Total current liabilities		233,075	341,720
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	15,842,987	13,515,824
Share-based payment reserve	15	3,299,975	2,511,356
Deficit		(9,862,056)	(9,244,357)
<b>TOTAL EQUITY</b>		9,280,906	6,782,823
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		\$ 9,513,981	\$ 7,124,543

Going concern (Note 2)  
Commitments and contingencies (Notes 9, 11, 19 and 20)  
Subsequent events (Note 20)

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 condensed interim consolidated financial statements.

**OREFINDERS RESOURCES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
For the three months ended January 31,

<i>(Unaudited)</i>	Notes	2018	2017
<b>EXPENSES</b>			
Consulting and management fees	14	\$ 70,740	\$ 28,000
Share-based payments	15	519,800	-
Amortization of equipment	8	82	-
Amortization of debt financing costs	12	-	71,361
Accretion	13	-	3,700
Office, rent and general		6,952	8,058
Professional fees		36,677	1,264
Transfer agent, filing fees and shareholder communications		67,459	1,969
Travel and related costs		15,021	2,808
(Gain) on changes in fair value through profit and loss financial assets	7	(129,032)	-
Deferred income tax expense on flow through share premium	11	30,000	-
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (617,699)</b>	<b>\$ (117,160)</b>
<b>Loss per Common Share - Basic and Diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>			
<b>– Basic and Diluted</b>		<b>67,983,174</b>	<b>58,713,288</b>

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

**OREFINDERS RESOURCES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Share capital		Share-based Payment Reserve	Deficit	Total
	Number of shares	Amount			
<b>Balance at October 31, 2015</b>	51,051,143	\$ 13,171,999	\$ 2,260,458	\$ (7,113,157)	\$ 8,319,300
Loss for the year	-	-	-	(499,069)	(499,069)
Shares issued for exploration and evaluation assets	50,000	500	-	-	500
Shares issued on private placement	3,000,000	150,000	-	-	150,000
Value of warrants	-	(42,000)	42,000	-	-
Share issuance costs	-	(3,861)	-	-	(3,861)
Shares issued on private placement	3,112,145	217,850	-	-	217,850
Value of warrants	-	(59,000)	59,000	-	-
Share issuance costs	-	(9,664)	-	-	(9,664)
Bonus shares issued on debt issue	1,500,000	90,000	-	-	90,000
Share-based payments	-	-	127,239	-	127,239
<b>Balance at October 31, 2016</b>	58,713,288	\$ 13,515,824	\$ 2,488,697	\$ (7,612,226)	\$ 8,392,295
Loss for the period	-	-	-	(117,160)	(117,160)
<b>Balance at January 31, 2017</b>	58,713,288	\$ 13,515,824	\$ 2,488,697	\$ (7,729,386)	\$ 8,275,135
Loss for the period	-	-	-	(1,514,971)	(1,514,971)
Share-based payments	-	-	22,659	-	22,659
<b>Balance at October 31, 2017</b>	58,713,288	\$ 13,515,824	\$ 2,511,356	\$ (9,244,357)	\$ 6,782,823
Loss for the period	-	-	-	(617,699)	(617,699)
Shares issued on acquisition of subsidiary	22,753,246	1,706,493	-	-	1,706,493
Warrants issued on acquisition of subsidiary	-	-	201,819	-	201,819
Shares issued for exploration and evaluation assets	5,000,000	350,000	-	-	350,000
Shares issued on private placement	2,477,125	198,170	-	-	198,170
Value of warrants	-	(38,000)	38,000	-	-
Shares issued on flow-thru private placement	1,500,000	150,000	-	-	150,000
Value of warrants	-	(23,000)	23,000	-	-
Broker warrants issued	-	-	6,000	-	6,000
Share issuance costs	-	(16,500)	-	-	(16,500)
Share-based payments	-	-	519,800	-	519,800
<b>Balance at January 31, 2018</b>	90,443,659	\$ 15,842,987	\$ 3,299,975	\$ (9,862,056)	\$ 9,280,906

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

**OREFINDERS RESOURCES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
For the three months ended January 31,

<i>(Unaudited)</i>	2018	2017
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (617,699)	\$ (117,160)
Items not involving cash		
Amortization of equipment	82	-
Amortization of debt financing costs	-	71,361
Accretion	-	3,700
Share-based payments	519,800	-
(Gain) on changes in fair value through profit and loss financial assets	(129,032)	-
Deferred income tax on flow through share premium	30,000	-
Changes in non-cash working capital items:		
GST-HST receivable	(17,473)	(37,052)
Accounts payable and accrued liabilities	(79,308)	355,800
Net cash (used in) provided by operating activities	(293,630)	276,649
<b>INVESTING ACTIVITIES</b>		
Purchase of exploration and evaluation assets	(54,499)	(540,653)
Cash acquired on acquisition of Premet	224,627	-
Net cash provided by (used in) investing activities	170,128	(540,653)
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares and warrants	348,170	-
Cash share issuance costs	(10,500)	-
Financing fee repayment	(100,000)	-
Net cash provided by financing activities	237,670	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>114,168</b>	<b>(264,004)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>331,528</b>	<b>321,835</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 445,696</b>	<b>\$ 57,831</b>

Supplemental cash flow information (Note 18)

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

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

January 31, 2018 and January 31, 2017

(Expressed in Canadian dollars)

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### **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, development and production 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.

### **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.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

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 January 31, 2018, the Company had working capital of \$1,110,265 (October 31, 2017 - \$735,958) an accumulated deficit of \$9,862,056 (October 31, 2017 - \$9,244,357). Orefinders has no proven history of performance, earnings or success. However, management believes that the Company has sufficient working capital to continue operating over the next 12 months.

These condensed interim consolidated 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 condensed interim consolidated financial statements. Such adjustments could be material.

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

January 31, 2018 and January 31, 2017

(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The condensed interim consolidated financial statements were authorized for issue on March 29, 2018 by the directors of the Company.

#### ***Statement of compliance***

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with and fully comply with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting. Accordingly, certain information and disclosures included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements of the Company for the year ended October 31, 2017, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.orefinders.ca](http://www.orefinders.ca)

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of March 29, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended October 31, 2017 and were consistently applied to all the periods presented unless otherwise noted. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2018 could result in restatement of these condensed interim consolidated financial statements.

#### ***Basis of presentation***

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value, as explained in the accounting policies.

#### ***Basis of consolidation***

The condensed interim consolidated financial statements include the financial statements of Orefinders Resources Inc. and its wholly controlled subsidiary. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. The Company's wholly-owned subsidiary is Premet Inc., a private company incorporated in Ontario.

#### ***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 condensed interim consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

#### ***Significant accounting judgements, estimates and assumptions***

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are

## OREFINDERS RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

January 31, 2018 and January 31, 2017

(Expressed in Canadian dollars)

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

uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

#### *(a) Capitalization of exploration and evaluation assets*

Management has determined that exploration and evaluation costs incurred may have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of other operating facilities and discoveries, operating management expertise and existing permits. See Note 9 for details of exploration and evaluation assets.

#### *(b) Impairment of exploration and evaluation assets*

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, and/or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation assets.

#### *(c) Estimation of decommissioning and restoration costs and timing of expenditure*

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

#### *(d) Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

#### *(e) Share-based payments and warrants*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation

## OREFINDERS RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

January 31, 2018 and January 31, 2017

(Expressed in Canadian dollars)

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

techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

#### *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.

Revenues realized before commencement of commercial production (“pre-production revenues”), which are not incidental but are necessary to bring the mine to the condition required to be operating in the manner intended by management, are recorded as a reduction of the respective mining asset.

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.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

#### *Depletion*

The Company’s mineral properties are depleted on a units-of-production basis, with estimated recoverable reserves and resources being used to determine the depletion rate for each of the Company’s mineral properties. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in the estimated recoverable reserves, resources or exploration potential will directly impact the depletion rate used. Changes to depletion rates are accounted for prospectively.

#### *Impairment of non-financial assets*

At each reporting date, 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.

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

January 31, 2018 and January 31, 2017

(Expressed in Canadian dollars)

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

#### ***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. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. 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 share-based payments 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***

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the periods ended January 31, 2018 and 2017.

#### ***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. During the period ended January 31, 2018, the Company classified its shares in Pure Gold Mining Inc. (Note 7) as FVTPL.

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.

## OREFINDERS RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

January 31, 2018 and January 31, 2017

(Expressed in Canadian dollars)

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

#### 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.

Amortization 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.

<b>Class</b>	<b>Amortization rate</b>
Automotive Equipment	30%
Software	55%
Computer Equipment	30%

#### *Asset Retirement Obligations ("ARO")*

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss.

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

#### ***Income tax***

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for 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.

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. FUTURE ACCOUNTING PRONOUNCEMENTS**

At the date of authorization of these financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

i) IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

ii) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB on October 24, 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this

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

standard is for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

iii) IFRS 16 - Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier adoption is permitted.

iv) IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

The Company is currently evaluating the impact of these pronouncements on its financial statements. During the period ended January 31, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 1, IAS 16 and IAS 38. These new standards and changes did not have any material impact on the Company's financial statements.

### 5. ACQUISITION OF PREMET INC.

On November 13, 2017, the Company entered into agreement to acquire all of the outstanding common shares and warrants of Premet Inc., ("Premet") a private company incorporated in Ontario. All Premet exploration and evaluation properties are located in the Abitibi's Shining Tree district of Ontario. The project is known as the Knight Project. All of the patented leases and mining claims comprising these acquisitions are 100% owned by the Company. To acquire 100% of the issued and outstanding Premet shares and warrants, the Company issued 22,753,246 common shares and 3,412,987 warrants. The common shares were valued at \$1,706,493 using the quoted market price and the warrants were valued under Black Scholes at \$201,819 for total purchase consideration of \$1,908,312. All properties which the Company acquired are subject to existing and various legacy royalties. A director of the Company owned 5.6% of the outstanding common shares of Premet as at November 13, 2017. On January 5, 2018, the Company received final approval from the TSX Venture Exchange.

The transaction was entered into based on normal market conditions at the amount agreed on by the parties. The transaction did not meet the criteria of a business combination since Premet lacks necessary inputs, process, and outputs of being a business; therefore, it has been accounted for as an acquisition of assets by the Company. The purchase consideration was allocated to the assets acquired based on their fair values at the date of the acquisition net of any associated liabilities. The fair values acquired are as follows: Cash \$224,637; GST Receivable \$4,989; Knight Project Exploration and Evaluation Asset \$1,719,360; Accounts Payable \$40,664. The main asset acquired was the 100% mineral property interest in the Knight Project.

### 6. RESTRICTED CASH

At January 31, 2018, the Company has placed funds with the Ontario government in the amount of \$88,806 (October 31, 2017 - \$88,806) to be applied toward reclamation of the Mirado stockpile area. (See Note 13)

### 7. MARKETABLE SECURITIES

Marketable securities are comprised of shares of a public company at fair value:

	Number of Shares	January 31, 2018	Number of Shares	October 31, 2017
Pure Gold Mining Inc.	<b>1,290,322</b>	\$ 761,290	-	\$ 632,258

During the period ended January 31, 2018, the Company recorded a gain from changes in fair value through profit and loss financial assets of \$129,032 (2017 – \$Nil).

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**8. EQUIPMENT**

	Software	Computer Equipment	Total
<b>Cost</b>			
Balance, October 31, 2016	\$ 41,570	\$ -	\$ 41,570
Additions	-	1,298	1,298
Disposals	(41,570)	-	(41,570)
Balance, October 31, 2017	-	1,298	1,298
Additions	-	-	-
Balance, January 31, 2018	-	1,298	1,298
<b>Accumulated amortization</b>			
Balance, October 31, 2016	\$ 41,570	-	\$ 41,570
Amortization	-	195	195
Disposal	(41,570)	-	(41,570)
Balance, October 31, 2017	-	195	195
Amortization	-	82	82
Balance, January 31, 2018	-	277	277
<b>Net book value, January 31, 2018</b>	\$ -	\$ 1,021	\$ 1,021
<b>Net book value, October 31, 2017</b>	\$ -	\$ 1,103	\$ 1,103

**9. EXPLORATION AND EVALUATION ASSETS**

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

	Derlak	Mirado	MZ Claims	Gold Hill	Knight	Total
<b>Balance, October 31, 2016</b>	<b>\$ 2,225,302</b>	<b>\$ 6,014,766</b>	<b>\$ 680,879</b>	<b>\$ 67,656</b>	<b>\$ -</b>	<b>\$ 8,988,603</b>
Acquisition costs	4,741	1,324	-	613	-	6,678
Exploration costs	-	150,418	-	-	-	150,418
Stockpile hauling and crushing costs	-	1,221,019	-	-	-	1,221,019
Revenue from sale of gold ore (net of royalty expenses)	-	(2,090,913)	-	-	-	(2,090,913)
Sale of exploration and evaluation assets	(2,230,043)	-	-	-	-	(2,230,043)
<b>Balance, October 31, 2017</b>	<b>\$ -</b>	<b>\$ 5,296,614</b>	<b>\$ 680,879</b>	<b>\$ 68,269</b>	<b>\$ -</b>	<b>\$ 6,045,762</b>
Acquisition costs	-	1,286	-	-	702,000	703,286
Exploration costs	-	53,213	-	-	20,637	150,418
Acquisition premium	-	-	-	-	1,346,722	1,346,722
<b>Balance, January 31, 2018</b>	<b>\$ -</b>	<b>\$ 5,351,113</b>	<b>\$ 680,879</b>	<b>\$ 68,269</b>	<b>2,069,359</b>	<b>\$ 8,169,620</b>

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### **9. EXPLORATION AND EVALUATION ASSETS (cont'd)**

During the period ended January 31, 2018, the Company earned pre-production revenue from gold ore sales (net of royalty expenses) of \$Nil (2017 - \$Nil) on its Mirado Project. Since the Company has not yet reached commercial production, any revenue would have been credited to the Mirado exploration and evaluation asset.

#### **Derlak Red Lake Project (“Derlak”)**

The Derlak project is located in Red Lake, Ontario and consisted of 11 contiguous patented claims that were owned 100% by the Company. They are subject to a 3% NSR payable to the vendor of which 1% can be purchased by the Company for \$1,000,000.

On March 6, 2017, the Company entered into a definitive agreement with Pure Gold Mining Inc. (TSX.V: PGM) to sell the Company's Derlak Project in Red Lake, Ontario. In return for a \$1.3 million value, Orefinders has agreed to transfer its 100% interest in the Derlak Project. The \$1.3 million in total consideration to the Company was comprised of \$500,000 in cash and \$800,000 worth of Pure Gold Mining Inc. shares (1,290,322 shares valued at \$0.62 per share based on the quoted market price of the shares on the date the agreement was signed). On March 10, 2017, the sale was completed and the consideration was received by the Company. As a result of the sale, the Company recorded a \$946,519 loss on sale of exploration and evaluation assets in the year ended October 31, 2017.

#### **Mirado Gold Project “Mirado”**

The Mirado project is located in Kirkland Lake, Ontario and consists of 12 contiguous patented claims, with surface and mining rights, owned 100% by the Company and 21 mining claims owned 100% by the Company. They are subject to a 3% NSR payable to the vendor of which 1% can be purchased by the Company for \$1,000,000.

#### **MZ Claims (Comprising Part of the Mirado)**

The MZ Claims consist of 10 contiguous claims and is owned 100% by the Company. The MZ claims are subject to a 2% NSR payable to the vendors of which 1% of the NSR may be purchased by the Company for \$1,000,000, and the second 1% of the NSR may be purchased for \$2,000,000.

#### **Gold Hill Project “Gold Hill”**

The Gold Hill project is located in Kirkland Lake, Ontario and consists of 9 patented claims and is owned 100% by the Company. They are subject to a 1.5% NSR payable to the vendor which can be purchased by the Company for \$500,000. The Company retained the exclusive rights to purchase the surface rights for a period of two years from the date of closing being September 29, 2014. This right lapsed on September 29, 2016.

#### **Knight Project “Knight”**

On November 30, 2017, the Company entered into agreements for a series of three acquisitions of contiguous properties from two individual landholders and from Premet Inc., (“Premet”) a private company. All properties are in the Abitibi's Shining Tree district of Ontario. All of the patented leases and mining claims comprising these acquisitions will be 100% owned by the Company. To acquire 100% of the issued and outstanding Premet shares and warrants, the Company issued 22,753,246 shares and 3,412,987 warrants. To acquire 100% of interest in the Tyrenite Extension and the Porphyry Lake claims, the Company issued 5 million shares from its treasury. All properties which the Company is acquiring are subject to existing and various legacy royalties. A director of the Company owned 5.6% of the outstanding common shares of Premet as at November 30, 2017. On January 5, 2018, the Company received final approval from the TSX Venture Exchange

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**10. 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:

	January 31, 2018	October 31, 2017
Trade payables	\$ 63,269	\$ 137,914
Accruals	51,000	15,000
	<u>\$ 114,269</u>	<u>\$ 152,914</u>

**11. FLOW THROUGH LIABILITY**

Flow-through common shares require the Company to incur 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 incurred the required exploration expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of the common shares. The incremental proceeds, or “premium”, are recorded as a flow-through liability. Upon issuance of the flow-through shares in December 2017, the Company recorded a flow-through liability of \$30,000. As expenditures are incurred, the flow-through share liability is reversed. To January 31, 2018, the Company incurred \$Nil in eligible exploration expenditures and, accordingly, the flow-through share liability remained at \$30,000.

**12. LOAN PAYABLE**

On August 29, 2016, the Company entered into a debt agreement (the “Loan”) and a royalty streaming agreement (the “Royalty”) with an arm’s length party.

*(i) Loan*

Under the August 20, 2016 debt agreement, the Company was advanced \$450,000. In addition, the Company incurred a financing fee of \$180,000, a debt issuance expense of \$90,000 related to the issue of bonus common shares to the lender and legal costs in the amount of \$15,446 for a total of \$285,446. Amortization for the period ended January 31, 2018 in the amount of \$Nil (2017 - \$71,361) has been recognized. The loan was secured by the Company’s Mirado property. On March 2, 2017, the Company repaid the \$450,000 loan and received a release and discharge of the security.

*(ii) Financing Fees Payable*

In connection with the Loan, a financing fee in the amount of \$180,000 was originally due and payable August 31, 2017. An agreement with the lender was reached to write-off \$80,000 of the original \$180,000 financing fee. The remaining \$100,000 financing fee payable is now unsecured and was due December 31, 2017. On December 31, 2017, \$50,000 was paid to the lender and \$50,000 was paid for through the issuance of common shares under a private placement by the Company. (Note 15)

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**12. LOAN PAYABLE (cont'd)***(iii) Royalty Streaming Agreement*

The Royalty provided for the payment of \$50,000 to the Company in return for an unsecured royalty capped at a maximum payout of \$105,000, payable out of the Company's profits from processing the existing stockpiles after paying all processing costs and repayment of the Loan. Any payments on this Royalty are exclusive to phase one of the stockpile project. It also gives the Royalty holder the following rights: (a) the right to purchase a 1% NSR on the Mirado project for \$2,000,000 at any time prior to 90 days after the commencement of commercial production from the Mirado Mine; (b) the right of first refusal to provide any future stream financing component to the Company on its possible future Phase Two production from expansion of the open pit provided the financing is on reasonable and competitive commercial terms consistent with industry standards; and (c) the right to receive a 2% NSR with total proceeds capped at a maximum of \$1,000,000 on any future revenues from the Company's possible Phase Two production from expansion of the open pit once a PEA has been completed. The receipt of \$50,000 less \$15,446 of legal costs for a net amount of \$34,554 has been accounted for as a credit against the Mirado exploration and evaluation costs during the year ended October 31, 2016. (Note 9)

**13. ASSET RETIREMENT OBLIGATION ("ARO")**

A provision for environmental rehabilitation was recognized for mining activities at the Company's Mirado stockpile area. The provision is estimated based on management's estimates of projected reclamation costs and the timing of such reclamation activities.

	January 31, 2018	October 31, 2017
Opening balance, ARO	\$ 88,806	\$ 74,005
Accretion expense	-	14,801
Ending balance, ARO	88,806	88,806
Current portion – obligation to be funded within one year	88,806	88,806
	\$ -	\$ -

During the period ended January 31, 2018, the Company recorded \$Nil (2017 - \$3,700) in accretion expense.

**14. 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 period ended January 31, 2018 consisted of management and consulting fees of \$46,500 (2017 – \$28,000), geological consulting fees capitalized to exploration and evaluation assets of \$13,700 (2017 - \$10,000) and share based payments valued at \$446,460 (2017 - \$Nil).

Unless disclosed elsewhere, related party transactions for the period ended January 31, 2018 and 2017 include:

	2018	2017
Management and consulting fees	\$ 46,500	\$ 28,000
Geological consulting fees capitalized	13,700	10,000
	\$ 60,200	\$ 38,000

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### 15. SHARE CAPITAL

#### *Authorized share capital*

Unlimited number of voting common shares without par value.

#### *Issued share capital*

On January 5, 2018, pursuant to an agreement dated November 13, 2017, the Company issued 22,753,246 common shares and 3,412,987 warrants to acquire 100% of the common shares and warrants of Premet. The common shares were valued at \$1,706,493 using the quoted market price and the warrants were valued under Black Scholes option pricing model at \$201,819 for total purchase consideration of \$1,908,312. Under the Black Scholes option pricing model, the following was assumed: dividend yield rate 0%, expected life of 2 years, a risk-free interest rate of 1.77% and an expected volatility of 121%.

On January 5, 2018, the Company issued 5,000,000 common shares at a fair value of \$0.07 per share to the vendors of the Knight Project claims for a total value of \$350,000 pursuant to an agreement dated November 25, 2017. The value is based on the quoted market price of the Company's shares on the date of issuance

On December 29, 2017, the Company announced it has received a subscription for a non-brokered flow-through private placement of 1,500,000 units at a price of \$0.10 per unit, to raise proceeds of \$150,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.12 per share, until December 29, 2019. The valuation of the warrants was estimated in the amount of \$23,000 using the Black-Scholes option pricing model. Additionally, the Company has received subscriptions for a non-brokered hard dollar private placement of 2,477,125 units at a price of \$0.08 per unit, to raise proceeds of \$198,170. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at \$0.12 per share, until December 29, 2019. Total aggregate private placement proceeds are \$348,170. The valuation of the warrants was estimated in the amount of \$38,000 using the Black-Scholes option pricing model. In connection with the flow-through private placement, the Company paid a finder's fee of \$10,500 and issued 105,000 finder's warrants to acquire shares at \$0.12 per share until December 29, 2019 valued at \$6,000 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 119%, risk free interest rate of 1.68% and an expected life of 2 years. The proceeds from the private placement will be used for working capital purposes and for the advancement of the Mirado and Knight Projects. All shares, warrants and any shares issued upon exercise of the warrants comprising the units are subject to a hold period until April 28, 2018, except as permitted by applicable Canadian securities laws and the TSX Venture Exchange.

On October 21, 2016, the Company completed a private placement of 3,112,145 units at a price of \$0.07 for total proceeds of \$217,850. Each unit consists of one common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share until October 21, 2018. The Company incurred \$1,392 cash issue costs in connection with the private placement. The valuation of the warrants was estimated in the amount of \$59,000 using the Black-Scholes pricing model based on the following assumptions: expected dividend yield rate of 0%, expected volatility of 185%, risk free interest rate of 0.52% and an expected life of 2 years.

On August 29, 2016, the Company issued 1,500,000 common shares at \$0.06 as bonus shares in connection with a debt financing arrangement as detailed in Note 12. The value of the common shares of \$0.06 is based on the quoted market price of the Company's shares on the date of issuance.

On July 8, 2016, the Company completed a private placement of 3,000,000 units at \$0.05 for total proceeds of \$150,000. Each unit consists of one common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share until July 8, 2018. The Company incurred no cash issue costs in connection with the private placement. The valuation of the warrants was estimated in the amount of \$42,000 using the Black-Scholes pricing model based on the following assumptions: expected dividend yield rate of 0%, expected volatility of 206%, risk free interest rate of 0.47% and an expected life of 2 years.

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**15. SHARE CAPITAL (cont'd)**

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 9). The value of the common shares of \$0.01 is based on the quoted market price of the Company's shares on the date of issuance.

**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 period ended January 31, 2018 and October 31, 2017 is as follows:

	January 31, 2018			October 31, 2017	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of period	4,296,000	\$ 0.063	3.30	5,871,000	\$ 0.14
Options granted	4,250,000	\$0.13	4.93	400,000	\$0.07
Options reclassified as warrants	-	-	-	-	-
Options expired	-	-	-	(1,975,000)	(0.28)
Options outstanding, end of period	8,546,000	\$ 0.10	3.99	4,296,000	\$ 0.063
Options exercisable, end of period	8,546,000	\$ 0.10	3.99	4,296,000	\$ 0.063

On January 5, 2018, the Company granted 4,250,000 stock options with an exercise price of \$0.13 and a term of five years. These options vested immediately. The total fair value of \$519,800 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.97% and an expected volatility of 167%. The granting of these options resulted in a share-based payment expense of \$519,800 being recorded during the period ended January 31, 2018.

On July 13, 2017, the Company granted 400,000 stock options with an exercise price of \$0.07 and a term of five years. These options vested immediately. The total fair value of \$22,659 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.54% and an expected volatility of 173%. The granting of these options resulted in a share-based payment expense of \$22,659 being recorded during the year ended October 31, 2017.

On October 20, 2016, the Company granted 771,000 stock options with an exercise price of \$0.07 and a term of five years. These options vested immediately. The total fair value of \$51,902 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.66% and an expected volatility of 185%. The granting of these options resulted in a share-based payment expense of \$51,902 being recorded during the year ended October 31, 2016.

On July 8, 2016, the Company granted 525,000 stock options with an exercise price of \$0.055 and a term of five years. These options vested immediately. The total fair value of \$25,343 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.52% and an expected volatility of 190%. The granting of these options resulted in a share-based payment expense of \$25,343 being recorded during the year ended October 31, 2016.

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**15. SHARE CAPITAL (cont'd)**

On November 17, 2015, the Company granted 2,600,000 stock options with an exercise price of \$0.05 and a term of five years. These options vested immediately. The total fair value of \$49,294 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.93% and an expected volatility of 200%. The granting of these options resulted in a share-based payment expense of \$49,294 being recorded during the year ended October 31, 2016.

The estimated volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's shares.

The weighted average fair value of all grants in the period ended January 31, 2018 was \$0.12 (2017 - \$Nil) per share.

The following incentive stock options were outstanding and exercisable at January 31, 2018:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
400,000	400,000	\$ 0.10	January 22, 2020
250,000	250,000	\$ 0.10	February 4, 2020
2,100,000	2,100,000	\$ 0.05	November 17, 2020
400,000	400,000	\$0.055	July 8, 2021
746,000	746,000	\$ 0.07	October 20, 2021
400,000	400,000	\$0.07	July 13, 2022
4,250,000	4,250,000	\$0.13	January 5, 2023
8,546,000	8,546,000	\$ 0.10	

**Warrants**

The changes in warrants during the periods ended January 31, 2018 and October 31, 2017 is as follows:

	January 31, 2018			October 31, 2017	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Warrants outstanding, beginning of period	3,056,072	\$ 0.10	0.83	4,459,643	\$ 0.23
Warrants issued	5,506,550	0.063	1.91	-	-
Warrants expired	-	-	-	(1,403,571)	(0.50)
Warrants outstanding, end of period	8,562,622	\$ 0.076	1.49	3,056,072	\$ 0.10

As at January 31, 2018 the following warrants were outstanding.

Number of warrants outstanding	Exercise Price	Expiry Date
1,500,000	\$ 0.10	July 8, 2018
1,556,072	\$ 0.10	October 21, 2018
1,988,563	\$0.12	December 29, 2019
105,000	\$0.12	December 29, 2019
2,828,572	\$0.023	January 5, 2020
584,415	\$0.0513	January 5, 2020
8,562,622	\$ 0.076	

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**15. SHARE CAPITAL (cont'd)***Share-based payment reserve*

A summary of the changes in the Company's share-based payment reserve is set out below:

	January 31, 2018	October 31, 2017
Balance – Beginning of period	\$ 2,511,356	\$ 2,488,697
Value of warrants issued on acquisition of Premet	201,819	-
Value of warrants issued on private placements	61,000	-
Value of broker warrants issued	6,000	-
Share-based payments	519,800	22,659
Balance – End of period	<u>\$ 3,299,975</u>	<u>\$ 2,511,356</u>

**16. 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 capital of the Company consists of share capital, share-based payment reserve and deficit.

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 periods ended January 31, 2018 and 2017. The Company is not subject to externally imposed capital restrictions.

**17. 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. Cash is held with major banks in Canada. Restricted cash is on deposit with an Ontario government agency. Management assesses credit risk of cash as remote.

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

#### *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 strives to ensure 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.

#### *Market risk*

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk, market price risk, and commodity price risk, affect the fair value of financial assets and liabilities.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debt. The Company's current policy is to deposit excess cash in non-interest-bearing accounts at its Canadian banking institutions.

##### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar as the majority of its transactions and operations are in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

##### *Market price risk*

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

The Company is also exposed to market risk relating to its investment in marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favourable prices. The Company's marketable securities are comprised of an investment in one publicly traded corporation (see Note 7).

##### *Commodity price risk*

The value of the Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for this mineral. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

Based on management's knowledge and experience of the financial markets, the Company believes that movements at  $\pm 10\%$  are "reasonably possible" over a one-year period:

(i) The Company does not hold significant balances in foreign currencies to give rise to significant exposure to foreign exchange risk.

(ii) Price risk is remote since the Company is a non-producing entity.

The Company's marketable securities are subject to fair value fluctuations. As at January 31, 2018, if the fair value of the marketable securities fluctuated by 10% all other factors held constant, net loss would have changed by approximately \$77,400 (2017 - \$Nil).

The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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**17. FINANCIAL RISK MANAGEMENT (cont'd)**

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

*Classification of financial instruments*

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

	January 31, 2018	October 31, 2017
Loans and receivables:		
Cash	\$ 445,696	\$ 331,528
Other financial assets – Fair value through profit and loss:		
Marketable securities	761,290	632,258
	<u>\$ 1,206,986</u>	<u>\$ 1,052,592</u>

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

	January 31, 2018	October 31, 2017
Other-financial liabilities:		
Accounts payable and accrued liabilities	\$ 114,269	\$ 152,914
Financing fee payable	-	100,000
	<u>\$ 114,269</u>	<u>\$ 252,914</u>

As at January 31, 2018 and October 31, 2017 the Company's financial instruments carried at fair value consisted of marketable securities which were classified as level 1 in the fair value hierarchy.

**18. SUPPLEMENTAL CASH FLOW INFORMATION**

During the periods ended January 31, 2018 and 2017, the Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

	2018	2017
Change in exploration expenditures included in accounts payable and accrued liabilities	\$ 114,157	\$ 391,546
Value of common shares issued on acquisition of Premet (excluding cash)	\$ 1,683,685	\$ -
Value of common shares issued for exploration assets	\$ 350,000	\$ -

**19. COMMITMENTS AND CONTINGENCIES**

(i) The Company's exploration activities are subject to various federal, state, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(ii) Pursuant to the terms of the flow-through share agreement entered into on December 29, 2017, the Company was committed to incurring Canadian Exploration Expenditures of \$150,000 by December 31, 2018. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

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**20. EVENTS SUBSEQUENT TO REPORTING PERIOD**

On March 29, 2018 Orefinders entered into an agreement to acquire to the McGarry Mine, a former producer, and the Barber-Larder projects in return for the issuance of 8,000,000 shares of Orefinders. The projects consist of 46 Patented Mining Claims and 5 Mining Licences of Occupation. They comprise an area of 681.4 hectares and are located along a 2.4 km strike length of the Cadillac-Larder Lake fault abutting the Kerr Addison Mine on the east and Bonterra Resources' Cheminis and Bear Lake projects on the west. Closing is expected to occur in late May 2018 subject to Orefinders completing due diligence, to its satisfaction, as to environmental, technical and title matters and receipt of approval of the TSX Venture Exchange for issuance of the shares.