



**OREFINDERS RESOURCES INC.**  
**Condensed Interim Consolidated Financial Statements**  
**Unaudited**

**For the Six Months Ended April 30, 2020 and 2019**

*(Expressed in Canadian Dollars unless otherwise indicated)*

## **Management 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 condensed interim consolidated 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 financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of April 30, 2020 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 financial statements in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity’s auditor.

**OREFINDERS RESOURCES INC.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

As at

	Notes	April 30, 2020 <i>(Unaudited)</i>	October 31, 2019 <i>(Audited)</i>
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,461,937	\$ 332,687
Restricted cash	6	570,967	570,967
GST-HST receivable		17,014	80,350
Due from related party	7	14,209	-
Due from associates	7,13	3,238	10,581
Prepaid expenses		28,532	27,985
<b>Total current assets</b>		<b>2,095,897</b>	<b>1,022,570</b>
Investments in associates	7	1,296,312	904,704
Property, plant and equipment	8	42,440	45,820
<b>TOTAL ASSETS</b>		<b>\$ 3,434,649</b>	<b>\$ 1,973,094</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10,13	\$ 97,940	\$ 430,492
Due to associates	7,13	24,383	-
Asset retirement obligation	12	570,967	570,967
Flow-through share liability	11	182,912	7,547
<b>Total current liabilities</b>		<b>876,202</b>	<b>1,009,006</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	19,673,546	17,745,310
Share-based payment reserve	14	3,651,569	3,586,133
Deficit		(20,766,668)	(20,367,355)
<b>TOTAL EQUITY</b>		<b>2,558,447</b>	<b>964,088</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 3,434,649</b>	<b>\$ 1,973,094</b>

Going concern (Note 2)

Commitments and contingencies (Notes 9, 11, 16, 19 and 20)

Events subsequent to period end (Note 22)

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)

<i>(Unaudited)</i>	Notes	Six months ended April 30,		Three months ended April 30,	
		2020	2019 (Note 21)	2020	2019 (Note 21)
<b>EXPENSES</b>					
Consulting and management fees	13	\$ 118,602	\$ 163,500	\$ 66,902	\$ 80,000
Exploration expenses	9,13,21	105,320	44,574	99,816	11,644
Amortization of property, plant and equipment	8	3,380	4,069	1,690	2,035
Office, rent and general		23,021	33,751	9,155	10,435
Professional fees		15,631	97,874	5,000	67,591
Transfer agent, filing fees and shareholder Communications		38,066	27,733	34,562	25,676
Travel and related costs		6,283	21,880	2,660	8,675
Dilution gain from investment in associates	7	(84,774)	(130,326)	-	(130,326)
Equity loss from investments in associates	7	175,276	63,043	120,061	42,098
<b>TOTAL EXPENSES</b>		<b>\$ 400,805</b>	<b>\$ 326,098</b>	<b>339,846</b>	<b>\$ 117,828</b>
<b>Deferred income tax recovery</b>					
Flow-through share premium renunciation	11,16	1,492	-	1,492	-
<b>NET (LOSS) FOR THE PERIOD</b>		<b>\$ (399,313)</b>	<b>\$ (326,098)</b>	<b>\$ (338,354)</b>	<b>\$ (117,828)</b>
<b>(Loss) per Common Share - Basic and Diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic and Diluted</b>					
		139,807,626	99,943,659	139,807,626	99,943,659

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)

	Share capital		Share-based Payment Reserve	Deficit (Note 21)	Total (Note 21)
	Number of shares	Amount			
<b>Balance at October 31, 2018</b>	99,943,659	\$ 16,564,987	\$ 3,283,133	\$ (19,294,441)	\$ 553,679
Loss for the period	-	-	-	(326,098)	(326,098)
<b>Balance at April 30, 2019</b>	99,943,659	\$ 16,564,987	\$ 3,283,133	\$ (19,620,539)	\$ 227,581
Loss for the period	-	-	-	(746,816)	(746,816)
Shares issued on acquisition of investments	15,000,000	737,000	-	-	737,000
Shares issued on private placement	8,740,000	437,000	-	-	437,000
Value of warrants	-	(63,000)	63,000	-	-
Shares issued on flow-through private placement	1,966,667	118,000	-	-	118,000
Value of warrants	-	(12,000)	12,000	-	-
Broker warrants issued	-	-	7,000	-	7,000
Share issuance costs	-	(17,010)	-	-	(17,010)
Share-based payments	-	-	221,000	-	221,000
Premium allocated to flow-through shares	-	(19,667)	-	-	(19,667)
<b>Balance at October 31, 2019</b>	125,650,326	\$ 17,745,310	\$ 3,586,133	\$ (20,367,355)	\$ 964,088
Loss for the period	-	-	-	(399,313)	(399,313)
Warrants exercised	2,828,572	234,176	(171,807)	-	62,369
Shares issued on hard dollar private placement	29,800,000	1,490,000	-	-	1,490,000
Value of warrants	-	(181,000)	181,000	-	-
Shares issued on flow-through private placement	8,842,856	619,000	-	-	619,000
Value of warrants	-	(50,000)	50,000	-	-
Broker units issued	1,028,571	45,429	6,000	-	51,429
Broker warrants issued	-	-	243	-	243
Share issuance costs	-	(52,512)	-	-	(52,512)
Premium allocated to flow-through shares	-	(176,857)	-	-	(176,857)
<b>Balance at April 30, 2020</b>	168,150,325	\$ 19,673,546	\$ 3,651,569	\$ (20,766,668)	\$ 2,558,447

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)

	Six months ended April 30,		Three months ended April 30,	
	2020	2019 (Note 21)	2020	2019 (Note 21)
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (399,313)	\$ (326,098)	\$ (338,354)	\$ (117,828)
Items not involving cash				
Amortization of property, plant and equipment	3,380	4,069	1,690	2,035
Flow-through share premium renunciation	(1,492)	-	(1,492)	-
Dilution gain from investments in associates	(84,774)	(130,326)	-	(130,326)
Equity loss from investments in associates	175,276	63,043	120,061	42,098
Changes in non-cash working capital items:				
GST-HST receivable	63,336	(34,852)	14,489	(24,858)
Prepaid expenses	(547)	11,565	7,684	(2,235)
Accounts payable and accrued liabilities	(332,552)	65,605	(42,224)	49,978
Net cash (used in) operating activities	(576,686)	(346,994)	(238,146)	(181,136)
<b>INVESTING ACTIVITIES</b>				
Investment in common shares in associate	(500,000)	-	(500,000)	-
Advances to related parties	(14,209)	-	(14,209)	-
Advances to associates	7,343	6,640	(113)	-
Repayment of advances to associate – investment	17,890	-	4,186	-
Net cash provided by (used in) investing activities	(488,976)	6,640	(510,136)	-
<b>FINANCING ACTIVITIES</b>				
Proceeds on issue of common shares	2,109,000	-	2,109,000	-
Share issue costs	(840)	-	(840)	-
Proceeds on exercise of warrants	62,369	-	-	-
Advances from associates	24,383	-	20,912	-
Net cash provided by financing activities	2,194,912	-	2,129,072	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,129,250</b>	<b>(340,354)</b>	<b>1,380,790</b>	<b>(181,136)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>332,687</b>	<b>492,260</b>	<b>81,147</b>	<b>333,042</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 1,461,937</b>	<b>\$ 151,906</b>	<b>\$ 1,461,937</b>	<b>\$ 151,906</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

For the six months ended April 30, 2020 and 2019

(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 55 University Avenue, Suite 1805 Toronto, Ontario M5J 2H7.

During the year ended October 31, 2018, the Company entered into agreement and acquired 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 Abitibi's Shining Tree district of Ontario.

On February 1, 2018, Orefinders formed a newly created wholly-owned subsidiary PowerOre Inc. During the year ended October 31, 2018, the Company and PowerOre entered into a plan of arrangement. The plan of arrangement, together with associated transactions, resulted in PowerOre acquiring the Mann cobalt property and the MacMurchy nickel property from the Company in consideration for shares of PowerOre and the shareholders of the Company receiving a portion of those shares of PowerOre (Note 19).

### **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 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 operations 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 during the period ended April 30, 2020 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. Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements.

As at April 30, 2020, the Company had working capital of \$585,635 (October 31, 2019 - \$13,564) and an accumulated deficit of \$20,766,668 (October 31, 2019 - \$20,367,355). Orefinders has no proven history of performance, earnings or success. Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

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

These 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 consolidated financial statements. Such adjustments could be material.

The consolidated financial statements were authorized for issue on June 29, 2020 by the directors of the Company.

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

The condensed interim financial statements for the six months ended April 30, 2020 were prepared in accordance with IAS 34 International Accounting Standard – “Interim Financial Reporting” (IAS 34) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) have been condensed or omitted. The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation’s audited annual financial statements for the year ended October 31, 2019, except as disclosed under changes to significant accounting policies, and should be read in conjunction with those financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

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

The 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.

#### ***Functional and presentation currency***

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the 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.

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

The consolidated financial statements include the financial statements of Orefinders Resources Inc. and its wholly controlled subsidiaries. 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 year are included in the consolidated statements of 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 subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. On January 5, 2018, the Company acquired 100% of Premet Inc. (“Premet”) and on May 30, 2018 amalgamated with Premet, a private company incorporated in Ontario. On February 1, 2018, the Company formed a wholly-owned subsidiary PowerOre Inc (“PowerOre”) which is an Ontario, Alberta, British Columbia reporting issuer incorporated in British Columbia. The consolidated financial statements include the accounts for PowerOre from February 1, 2018 through to May 31, 2018 at which time the Company lost control. The Company’s remaining 17% investment in PowerOre is being accounted for as an investment in associate effective May 31, 2018. At April 30, 2020, the Company held 5,059,752 shares (or an approximate 9.5% interest) in PowerOre.

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

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

Significant influence exists since a group of the same three individuals' control each of the Company's and PowerOre's board of directors and management. On July 9, 2018, the Company incorporated McGarry-Larder Mines Inc. as a wholly-owned subsidiary.

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

##### ***Investment in associates***

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights, but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. The Company accounts for its investment in associates using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate.

Dilution gains and losses arising from changes in interests in investments in associates where significant influence is retained are recognized in the consolidated statements of loss. At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired or if previously recorded impairment should be reversed. If impairment is determined to exist, the amount of the impairment is recognized in the consolidated statement of loss. The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

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

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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, 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) 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. See Note 12.

##### ***(b) 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.

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

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

#### *(c) 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 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.

#### *(d) Investment in associate*

Investments in associates are accounted for using the equity method, whereby the investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of the net assets of the investment. The Company's share of the results of operations of an associate is reflection in the profit and loss. An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not represent control or joint control over those decisions. The management reviews the relevant factors and made considerations in determining whether significant influence exists in associates. Significant judgment is involved in the determination of significant influence. In particular, the Company has assessed that it exerts significant influence over PowerOre despite owning less than 20% of the outstanding shares of PowerOre. The Company assessed that it did not exert significant influence over Mistango River Resources Inc. ("Mistango") for a portion of 2019 despite owning more than 20% of the outstanding shares of Mistango. See Note 7 for further details.

#### *(e) Impairment of investment in associate and due from associate*

Impairment exists when the carrying value of the investment in associate and due from associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

#### *(f) Contingencies – Refer to Note 20*

#### ***Exploration and evaluation expenditures***

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

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.

#### ***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.

## **OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

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

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 loss.

#### ***Share-based payments***

The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. 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 year. 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 year, 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 period ended April 30, 2020 and 2019.

#### ***Financial instruments***

##### **Financial assets**

##### ***Initial recognition and measurement***

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. During the period ended October 31, 2019, the Company classified its shares in Mistango (up to October 22, 2019 as described in Note 7) as FVTPL. Subsequent to October 22, 2020, the Company accounted for Mistango using the equity method of accounting.

## **OREFINDERS RESOURCES INC.**

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

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

#### *Subsequent measurement – Financial assets at amortized cost*

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statements of loss.

#### *Subsequent measurement - Financial assets at FVPL*

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company has no assets classified as financial assets at FVPL.

#### *Subsequent measurement - Financial assets at FVOCI*

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

#### *Derecognition*

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

#### *Impairment of financial assets*

The Company's only financial asset subject to impairment is the amount due from Orefinders, which is measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and due to associate, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

#### *Subsequent measurement - financial liabilities at amortized cost*

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

## OREFINDERS RESOURCES INC.

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

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of 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.

#### *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated amortization and accumulated impairment losses.

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

Class	Amortization rate
Computer Equipment	30%
Furniture and Fixtures	20%
Building	10%
Machinery and Equipment	20%

#### *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.

#### *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.

## OREFINDERS RESOURCES INC.

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

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 flow-through share liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the flow-through share liability is reduced proportionately, charged as a deferred income tax recovery in operations.

### 4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

#### **Adoption of New Accounting Standards**

The adoption of the following new standards, interpretations and amendments were included in the financial statements for the year beginning November 1, 2018.

IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include but are not limited to eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. In implementing IFRS 9, the Company updated the financial instrument classifications within its accounting policy as follows:

	IAS 39	IFRS 9
Cash and restricted cash	Amortized cost	Amortized cost
Other receivables and due from associates	Loans and receivables measured at amortized cost	Amortized cost
Marketable securities	Fair value through profit or loss	Fair value through profit or loss
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Due to associate	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Financing fee payable	Financial liabilities at amortized cost	Financial liabilities at amortized cost

There was no material impact on the Company's financial statements upon adoption of this standard.

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### **4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (cont'd)**

#### **New Standards and Interpretations to be Adopted in Future**

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 16 - In 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. The Company is assessing the impact of the implementation of IFRS 16 on its 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 a private company incorporated in Ontario. All of Premet’s exploration and evaluation properties are located in 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 on the date of the agreement and the warrant value was estimated using the Black Scholes option pricing model at \$201,819 for total purchase consideration of \$1,908,312. The following assumptions were used in the Black-Scholes option pricing model calculations for 2,828,572 warrants with an exercise price of \$0.023: expected dividend yield rate of 0%, expected volatility of 121%, risk free interest rate of 1.77% and an expected life of 2 years. The following assumptions were used in the Black-Scholes option pricing model calculations for 584,415 warrants with an exercise price of \$0.0513: expected dividend yield rate of 0%, expected volatility of 121%, risk free interest rate of 1.77% and an expected life of 2 years.

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 did not meet the criteria of a business combination since Premet lacks the 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 \$224,627; GST Receivable \$4,989; Knight Project Exploration and Evaluation Expense \$1,719,350; Accounts Payable \$40,664. The main asset acquired was the 100% mineral property interest in the Knight Project.

**OREFINDERS RESOURCES INC.**

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**5. ACQUISITION OF PREMET INC. (cont'd)**

On May 30, 2018, Orefinders amalgamated with Premet and continued under the name Orefinders Resources Inc.

**6. RESTRICTED CASH**

At April 30, 2020, restricted cash totaled \$570,967 (October 31, 2019 - \$570,967). This is comprised of funds placed by the Company with the Ontario government in the amount of \$88,806 (2018 - \$88,806) to be applied toward reclamation of the Mirado stockpile area (Note 12) and \$482,161 (October 31, 2019 - \$482,161) in funds placed by the Company with the Ontario government related to the August 2018 acquisition of the McGarry Project (Note 12).

**7. INVESTMENT IN ASSOCIATES**

At April 30, 2020, the Company held investments in associates with a total carrying value of \$1,296,312 (October 31, 2019 - \$904,704).

The continuity of the carrying values for each of PowerOre, Kuta Ridge Exploration Inc., and Mistango River Resources Inc. are set out below:

**(a) PowerOre Inc.**

As at May 31, 2018, the Company relinquished ownership control of PowerOre as a result of the Plan of Arrangement as detailed in Note 19 and a private placement in PowerOre that the Company did not participate in. As a result of the lost control, the Company recorded a gain on sale of subsidiary in the amount of \$103,713 in the year ended October 31, 2018. At April 30, 2020, the Company held 5,059,752 shares (or an approximate 9.5% interest) (October 31, 2019– 5,059,752 shares or an approximate 13% interest) in PowerOre and is accounting for this investment using the equity method as the same 3 individuals' control each of the respective boards.

Summarized financial statements for PowerOre as at and for the period ended April 30, 2020 and 2019 are as follows:

	2020	2019
Current assets	\$ 825,222	\$ 379,751
Non-current assets	-	-
Total assets	825,222	379,751
Total liabilities	221,877	61,526
Total net loss and comprehensive loss	(437,720)	(151,183)

The continuity of the carrying value for the investment in PowerOre is set out below:

	April 30, 2020	October 31, 2019
Balance – beginning of period	\$ 6,235	\$ 30,068
Initial investment in PowerOre	-	-
Less: Distribution of PowerOre shares as dividend in kind	-	-
Less: Equity loss from PowerOre	(48,908)	(158,809)
Less: Shares issued as consideration for McGarry Project	-	-
Add: Dilution gain in PowerOre	84,774	134,976
Balance – end of period	\$ 42,101	\$ 6,235

Based on the quoted market price at April 30, 2020, the fair value of the Company's interest in PowerOre was \$202,390 (October 31, 2019 - \$252,988).

**(b) Kuta Ridge Exploration Inc. (O/A Pacific Precious)**

On May 31, 2019, the Company completed the acquisition of 40% of the outstanding shares of Kuta Ridge Exploration Inc., operating under the trade name Pacific Precious under a share exchange agreement ("Exchange"). Pacific Precious

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**7. INVESTMENT IN ASSOCIATES (cont'd)**

is a privately-owned Canadian company which owns a 100% interest in the Kuta Ridge Gold Project located in Papua New Guinea. A renewal application on the permit for this project is pending. A director of the Company held approximately 44% of the common shares of Pacific Precious before the Exchange and approximately 26% after the Exchange. Subsequent to a 6,000,000 common share financing at \$0.05 in Pacific Precious, the Company held 32.26% of the outstanding common shares of Pacific Precious.

As consideration, the Company issued 10,000,000 common shares at a value of \$0.05 giving a valuation of \$500,000. The investment was measured at \$0.05 being the price of the most recent private placement in Pacific Precious.

Summarized financial statements for Pacific Precious as at April 30, 2020 and for the period from November 1, 2019 to April 30, 2020 is as follows:

Current assets	\$ 105,078
Non-current assets	500,000
<hr/> Total assets	<hr/> 605,078
Total liabilities	33,614
Total net loss and comprehensive loss	(32,227)

The continuity of the carrying value for the investment in Pacific Precious is set out below:

	April 30, 2020	October 31, 2019
Balance – beginning of period	\$ 440,300	\$ -
Initial investment in Pacific Precious	-	500,000
Less: Equity loss from Pacific Precious	(10,396)	(59,700)
<hr/> Balance – end of period	<hr/> \$ 429,904	<hr/> \$ 440,300

Based on the most recent private placement in Pacific Precious on May 31, 2019, the fair value of the Company interest in Pacific Precious was \$500,000.

**(c) Mistango River Resources Inc.**

On May 3, 2019, the Company issued 5,000,000 common shares to acquire 11,850,000 common shares of Mistango (a publicly-traded company) from Osisko Gold Royalties Ltd. (“Osisko”). The common shares of Mistango were valued at \$237,000 or \$0.02 per share based on the quoted market price of the Mistango shares on that day. As at May 3, 2019, the Company’s common share position represented approximately 31% of the common shares of Mistango. If the Company acquires more than 50% of the shares of Mistango, it will grant Osisko a 1% NSR on the Mistango properties. In addition, if the Company sells any of the Mistango shares in the next 18 months, additional compensation is payable to Osisko.

Ordinarily, a 31% interest would indicate significant influence and the use of the equity method of accounting for the investment. However, there are factors which indicate that significant influence did not exist at that time:

- (i) No representation was given to the Company on the Mistango board of directors.
- (ii) Orefinders was not involved in any policy-making processes. Furthermore, in June 2019, Mistango issued 15,909,090 common shares under a private placement to a third party. This event diluted the Company’s interest to approximately 22%. The Company had no input into this private-placement decision.
- (iii) There were no material transactions, interchange of managerial personnel or exchange of essential technical information between the Company and Mistango.

On October 22, 2019, the Company was successful in electing its own slate of directors to the board of Mistango replacing the old board of directors.

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**7. INVESTMENT IN ASSOCIATES (cont'd)**

As a result, this investment was treated as a portfolio investment through to October 22, 2019 and the Company recorded a gain from a change in fair market value through profit and loss of \$Nil from the acquisition date to October 31, 2019.

Furthermore, effective October 22, 2019, the Company's investment in Mistango will be accounted for using the equity method. The equity pickup for the period from October 22, 2019 to October 31, 2019 is insignificant due to the close proximity to the October 31, 2019 year end date. On December 9, 2019, the Company subscribed to 5,166,667 shares at \$0.03 for a total of \$155,000 under a private placement financing. Furthermore, on February 27, 2020, the Company subscribed to 7,692,308 shares at \$0.065 for a total of \$500,000 under a private placement financing. This brought the Company's ownership in Mistango to 24,708,975 shares or approximately 24% at April 30, 2020.

Summarized financial statements for Mistango as at March 31, 2020 and for the period from January 1, 2020 to March 31, 2020 is as follows:

Current assets	\$ 2,030,539
Non-current assets	53,120
<b>Total assets</b>	<b>2,083,659</b>
Total liabilities	202,412
Total net loss and comprehensive loss	(381,446)

The continuity of the carrying value for the investment in Mistango is set out below:

	April 30, 2020	October 31, 2019
Balance – beginning of period	\$ 458,169	\$ -
Investment in common shares of Mistango	655,000	237,000
Advanced by (repaid to) the Company during the period	(172,890)	285,469
Less: Equity loss from Mistango	(115,972)	(64,300)
<b>Balance – end of period</b>	<b>\$ 824,307</b>	<b>\$ 458,169</b>

Based on the quoted market price at April 30, 2020, the fair value of the Company's interest in Mistango was \$4,324,071 (October 31, 2019 - \$474,000).

**8. PROPERTY, PLANT AND EQUIPMENT**

	Furniture and Fixtures	Computer Equipment	Building	Machinery and Equipment	Total
<b>Cost</b>					
Balance, October 31, 2018	\$ 5,750	\$ 1,298	\$ 28,748	\$ 22,999	\$ 58,795
Additions	-	-	-	-	-
Balance, October 31, 2019	5,750	1,298	28,748	22,999	58,795
Additions	-	-	-	-	-
<b>Balance, April 30, 2020</b>	<b>5,750</b>	<b>1,298</b>	<b>28,748</b>	<b>22,999</b>	<b>58,795</b>
<b>Accumulated amortization</b>					
Balance, October 31, 2018	\$ 575	\$ 526	\$ 1,437	\$ 2,300	\$ 4,838
Amortization	1,035	231	2,731	4,140	8,137
Balance, October 31, 2019	1,610	757	4,168	6,440	12,975
Amortization	414	80	1,230	1,656	3,380
<b>Balance, April 30, 2020</b>	<b>2,024</b>	<b>837</b>	<b>5,398</b>	<b>8,096</b>	<b>16,355</b>
<b>Net book value, October 31, 2019</b>	<b>\$ 5,175</b>	<b>\$ 772</b>	<b>\$ 27,311</b>	<b>\$ 20,699</b>	<b>\$ 53,957</b>
<b>Net book value, April 30, 2020</b>	<b>\$ 3,726</b>	<b>\$ 461</b>	<b>\$ 23,350</b>	<b>\$ 14,903</b>	<b>\$ 42,440</b>

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**9. EXPLORATION EXPENSES**

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

	2020	2019	Cumulative Since Property Inception
Mirado Property, Ontario	\$ 2,181	\$ 17,771	\$ 5,442,742
MZ Claims Property, Ontario	-	-	680,879
Gold Hill Property, Ontario	-	-	68,269
Knight Property, Ontario	23,329	15,339	1,746,602
McGarry Property, Ontario	79,810	11,464	723,658
	\$ 105,320	\$ 44,574	\$ 8,662,150

**Mirado Gold Project "Mirado"**

The Mirado project is located in Kirkland Lake, Ontario and consists of contiguous patented claims, with surface and mining rights, owned 100% by the Company and 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 Gold Project)**

The MZ Claims consist of 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 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.

**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 through the acquisition of Premet, a private company. All properties are located in the Shining Tree district, in the Province of Ontario. The Tyrenite Extension and Porphyry Lake properties were acquired from two individual landholders and consist of a 100% interest in mining claims. These properties are subject to a 3% NSR with a right to buyback 2% of the NSR for \$2,000,000. The Knight Project owned by Premet at acquisition consisted of mining claims and mining leases. During the year ended October 31, 2018, under a Plan of Arrangement (Note 19), the Company transferred the Mann property and MacMurchy property components of Knight to PowerOre Inc. These properties are subject to various NSR ranging from 2% to 4% with rights to buyback 1% of the NSR for amounts ranging from \$500,000 to \$1,000,000.

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 a 100% interest in the Tyrenite Extension and the Porphyry Lake claims, the Company issued 5,000,000 shares from its treasury.

The total expenses in 2018 of \$1,673,610 are net of \$463,000 representing the transfer of the Mann and MacMurchy portions of the property to PowerOre.

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**9. EXPLORATION EXPENSES (cont'd)****McGarry Project "McGarry"**

On August 20, 2018 (pursuant to an agreement entered into March 29, 2018), the Company closed the acquisition of the McGarry Mine project, a former producer, and the Barber-Larder project. The McGarry Mine project consists of patented mining claims and mining leases and the Barber-Larder Project consists of patented mining claims and mining leases. All assets are located in McGarry Township in the Province of Ontario. The properties are subject to a 2% NSR with a right to buyout 1% of the NSR for \$1,000,000.

As consideration, the Company issued 8,000,000 common shares at a value of \$0.07 giving a valuation of \$560,000. The Company also incurred legal and land transfer costs in the amount of \$14,972, and distributed 440,248 PowerOre shares in the amount of \$13,785. Also, in connection with the acquisition, a net payment of \$47,000 was incurred as a requirement by the Ontario provincial government to increase the reclamation bond on deposit, giving a total acquisition cost of \$635,757. The acquisition of McGarry also included certain property, plant and equipment with \$57,497 allocated to the property, plant and equipment (furniture and fixtures \$5,750, machinery and equipment \$22,999 and building \$28,748) and the remaining \$578,260 was allocated to McGarry exploration expenses.

**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:

	April 30, 2020	October 31, 2019
Trade payables	\$ 97,940	\$ 405,492
Accruals	-	25,000
	\$ 97,940	\$ 430,492

**11. FLOW-THROUGH SHARE 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 \$118,000 flow-through shares in July 2019, the Company recorded a flow-through liability of \$19,667 and upon issuance of the \$619,000 flow-through shares in March 2020, the Company recorded a flow-through liability of \$176,857. As expenditures are incurred, the flow-through share liability is reversed. Through April 30, 2020, the Company has expended \$96,045 in eligible exploration expenditures leaving \$21,955 in eligible exploration expenditures to be incurred by December 31, 2020 and \$619,000 in eligible expenditures to be incurred by December 31, 2021. During the six months ended April 30, 2020, the Company recognized a flow-through share premium renunciation of \$1,492 (2019 - \$Nil). At April 30, 2020, the flow-through liability was \$182,912 (October 31, 2019 - \$7,547).

**OREFINDERS RESOURCES INC.**

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**12. ASSET RETIREMENT OBLIGATION (“ARO”)**

A provision for environmental rehabilitation was recognized for mining activities at the Company’s Mirado stockpile area in the amount of \$88,806 and the amount required to be held on deposit with the Ontario provincial government for the Company’s McGarry acquisition in the amount of \$482,161. The provision is estimated based on management’s estimates of projected reclamation costs and the timing of such reclamation activities.

	April 30, 2020	October 31, 2019
ARO – beginning of period	\$ 570,967	\$ 570,967
Accretion expense	-	-
ARO – end of period	570,967	570,967
Current portion – obligation to be funded within one year	570,967	570,967
	\$ -	\$ -

**13. 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 April 30, 2020 consisted of management and consulting fees of \$103,067 (2019 – \$143,000) and geological consulting fees included in exploration expenses of \$22,725 (2019 - \$38,069).

Unless disclosed elsewhere, related party transactions for the periods ended April 30 include:

	2020	2019
Management and consulting fees	\$ 103,067	\$ 143,000
Geological consulting fees included in exploration expenses	22,725	38,069
	\$ 125,792	\$ 181,069

The following are the balances due from (to) associates and related parties:

	April 30, 2020	October 31, 2019
Due from (to) Standard Ore Corporation	\$ 14,209	\$ -
Due from (to) Pacific Precious	3,238	3,125
Due from (to) Mistango River Resources Inc.	-	7,456
	\$ 17,447	\$ 10,581
Due from (to) PowerOre Inc.	\$ (17,487)	\$ -
Due from (to) Mistango River Resources Inc.	(6,896)	-
	\$ (24,383)	\$ -

Standard Ore Corporation is a private company incorporated in Ontario. The company is controlled by a director of Orefinders and provides corporate and administrative services to the Company.

Accounts payable includes \$1,255 (October 31, 2019 - \$1,255) payable to an officer.

All of the amounts are unsecured, non-interest bearing with no fixed terms of repayment

A director of the Company held approximately 44% of the common shares of Pacific Precious before the share exchange agreement and approximately 26% after the share exchange agreement (Note 7). A director of the Company subscribed for 1,014,000 shares for gross proceeds of \$450,700 in the July 2019 private placement.

See Notes 5, 19, and 20.

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### 14. SHARE CAPITAL

#### *Authorized share capital*

Unlimited number of voting common shares without par value.

#### *Issued share capital*

On March 27, 2020, the Company closed a flow-through portion of its non-brokered private placement for aggregate proceeds of \$619,000. Upon closing of the Offering, the Company issued 8,842,856 units at a price of \$0.07 per unit where each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.08 for a period of 24 months from the date of issuance. The valuation of the warrants was estimated in the amount of \$50,000 using the Black-Scholes option pricing model. In addition, the Company paid certain arm's length finders an aggregate of \$840 in cash and 12,000 finder's warrants. The valuation of the finder's warrants was estimated in the amount of \$243 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 78%, risk free interest rate of 0.44% and an expected life of 2 years.

On February 27, 2020, the Company closed a hard dollar non-brokered private placement for aggregate proceeds of \$1,490,000. Upon closing, the Company issued 29,800,000 units at a price of \$0.05 per unit, where each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.08 for a period of 24 months from the date of issuance. The valuation of the warrants was estimated in the amount of \$181,000 using the Black-Scholes option pricing model. In addition, the Company paid certain arm's length finders an aggregate of 1,028,571 units. The valuation of the finder's warrants was estimated in the amount of \$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 78%, risk free interest rate of 1.25% and an expected life of 2 years.

On July 16, 2019, the Company announced it has received a subscription for a non-brokered flow-through private placement of 1,966,667 units at a price of \$0.06 per unit, to raise proceeds of \$118,000. Each unit consists of one flow-through common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share, until July 16, 2021. The valuation of the warrants was estimated in the amount of \$12,000 using the Black-Scholes option pricing model. Additionally, the Company has received subscriptions for a non-brokered hard dollar private placement of 8,740,000 units at a price of \$0.05 per unit, to raise proceeds of \$437,000. 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 \$0.08 per share, until July 16, 2021. The valuation of the warrants was estimated in the amount of \$63,000 using the Black-Scholes option pricing model. The total aggregate private placement proceeds were \$555,000. In connection with the flow-through private placement, the Company paid a finder's fee of \$8,750 and issued 196,000 broker's warrants to acquire shares at \$0.05 per share until July 16, 2021 valued at \$7,000 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 90%, risk free interest rate of 1.56% and an expected life of 2 years.

On May 31, 2019, the Company issued 10,000,000 common shares to acquire 10,000,000 common shares of Pacific Precious. The common shares issued were valued at \$500,000 based on the market price of the Company's shares of \$0.05.

On May 3, 2019, the Company issued 5,000,000 common shares to acquire 11,850,000 common shares of Mistango River Resources Inc. The common shares issued were valued at \$237,000 based on the market price of the Mistango shares of \$0.02.

On August 20, 2018, the Company issued 8,000,000 common shares at a fair value of \$0.07 per share to the vendors of the McGarry Project claims for a total value of \$560,000 pursuant to an agreement dated March 29, 2018. The value is based on the quoted market price of the Company's shares on the date of issuance.

**OREFINDERS RESOURCES INC.**

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

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 on the date of the agreement and the warrant value was estimated using the 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.

**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.

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

	April 30, 2020			October 31, 2019	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of period	11,471,000	\$ 0.09	3.02	7,996,000	\$ 0.10
Options granted	-	-	-	3,475,000	0.07
Options expired	(650,000)	(0.10)	-	-	-
Options outstanding, end of period	10,821,000	\$ 0.09	2.69	11,471,000	\$ 0.09
Options exercisable, end of period	10,821,000	\$ 0.09	2.69	11,471,000	\$ 0.09

On July 9, 2019, the Company granted 3,475,000 stock options with an exercise price of \$0.07 and a term of five years. These options vested immediately. The total fair value of \$221,000 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.56% and an expected volatility of 143%. The granting of these options resulted in a share-based payment expense of \$221,000 being recorded during the year ended October 31, 2019.

On June 5, 2018, the Company granted 300,000 stock options with an exercise price of \$0.10 and a term of five years. These options vested immediately. The total fair value of \$25,158 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 2.11% and an expected volatility of 163%. The granting of these options resulted in a share-based payment expense of \$25,158 being recorded during the year ended October 31, 2018.

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 year ended October 31, 2018.

**OREFINDERS RESOURCES INC.**

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

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 April 30, 2020 was \$Nil (2018 - \$Nil) per share.

**Stock options**

The following incentive stock options were outstanding and exercisable at April 30, 2020:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
1,700,000	1,700,000	\$ 0.05	November 17, 2020
375,000	375,000	\$0.055	July 8, 2021
721,000	721,000	\$ 0.07	October 20, 2021
400,000	400,000	\$0.07	July 13, 2022
3,850,000	3,850,000	\$0.13	January 5, 2023
300,000	300,000	\$0.10	June 5, 2023
3,475,000	3,475,000	\$0.07	July 9, 2024
10,821,000	10,821,000	\$ 0.09	

**Warrants**

A summary of the changes in the Company's warrants is set out below:

	April 30, 2020			October 31, 2019	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	11,055,883	\$ 0.07	0.95	5,506,550	\$ 0.06
Warrants issued	19,847,714	0.08	1.85	5,549,333	0.08
Warrants exercised	(2,828,572)	(0.022)	-	-	-
Warrants expired	(2,677,978)	(0.10)	-	-	-
Warrants outstanding, end of period	25,397,047	\$ 0.08	1.71	11,055,883	\$ 0.07

As at April 30, 2020 the following warrants were outstanding.

Number of warrants outstanding	Exercise Price	Expiry Date
983,333	\$0.10	July 16, 2021
4,370,000	\$0.08	July 16, 2021
196,000	\$0.05	July 16, 2021
14,900,000	\$0.08	February 27, 2020
514,286	\$0.08	February 27, 2020
4,421,428	\$0.08	March 27, 2020
12,000	\$0.08	March 27, 2020
25,397,047	\$ 0.08	

## OREFINDERS RESOURCES INC.

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### 14. 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:

	April 30, 2020	October 31, 2019
Balance – Beginning of period	\$ 3,586,133	\$ 3,283,133
Value of warrants issued on private placements	231,000	75,000
Value of broker warrants issued	6,243	7,000
Warrants exercised	(171,807)	-
Share-based payments	-	221,000
Balance – End of period	<u>\$ 3,651,569</u>	<u>\$ 3,586,133</u>

### 15. 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 the Company are through the exercise of outstanding stock options and warrants 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 the Company 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 April 30, 2020 and 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at April 30, 2020, the Company is compliant with the policies of the TSXV.

### 16. INCOME TAXES

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

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures in the period permitted. Upon issuance of the \$118,000 flow-through shares in July 2019, the Company recorded a flow-through liability of \$19,667 and upon issuance of the \$619,000 flow-through shares in March 2020, the Company recorded a flow-through liability of \$176,857. As expenditures are incurred, the flow-through share liability is reversed. Through April 30, 2020, the Company has expended \$96,045 in eligible exploration expenditures leaving \$21,955 in eligible exploration expenditures to be incurred by December 31, 2020 and \$619,000 in eligible expenditures to be incurred by December 31, 2021.

## OREFINDERS RESOURCES INC.

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### 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.

#### *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, considering 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 was 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 were comprised of investments in publicly traded corporations.

##### *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.

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

(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 April 30, 2020, if the fair value of the marketable securities and other investments fluctuated by 10% all other factors held constant, net loss would have changed by approximately \$Nil (October 31, 2019 - \$Nil).

The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The carrying value of the Company's financial instruments approximates fair value due to their short-term or demand nature.

***Classification of financial instruments***

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

	April 30, 2020	October 31, 2019
Loans and receivables:		
Cash	\$ 1,461,938	\$ 332,687
Restricted cash	570,967	570,967
Due from associate	3,238	10,581
Due from related parties	14,209	-
	<u>\$ 2,050,352</u>	<u>\$ 914,235</u>

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

	April 30, 2020	October 31, 2019
Other-financial liabilities:		
Accounts payable and accrued liabilities	\$ 97,941	\$ 430,492
Due to associates	24,383	-
	<u>\$ 122,324</u>	<u>\$ 430,492</u>

As at April 30, 2020 and October 31, 2019, the Company had no financial instruments carried at fair value to classify in the fair value hierarchy. The Company held marketable securities during 2019 and 2018 that were carried at fair value. They were classified at Level 1 in the fair value hierarchy.

**18. SUPPLEMENTAL CASH FLOW INFORMATION**

During the six months ended April 30, 2020 and 2019, the Company incurred no non-cash transactions that are not reflected in the statement of cash flows:

	2020	2019
Broker units and warrants issued	\$ 51,672	\$ -

**19. PLAN OF ARRANGEMENT**

On April 19, 2018, the Company executed a formal arrangement agreement related to the proposed spin-out of PowerOre (the "Arrangement"), whereby: 1) the Company transferred its Mann property and MacMurchy property to PowerOre (a wholly-owned subsidiary of the Company) in consideration for PowerOre issuing 11,000,000 common shares to the Company (the "Consideration Shares"); and 2) Pursuant to the Arrangement under the Business Corporations Act (British Columbia) involving the Company, its shareholders, and PowerOre, each existing shareholder of the Company exchanged their shares of the Company for: (a) one new common share of the Company for each one existing share of the Company held; and (b) such shareholder's pro rata portion of 5,500,000 of the Consideration Shares (being approximately one common share of PowerOre for every 17 shares of the Company held on the effective date of the Arrangement). After completion of the Arrangement, the Company continued to hold 5,500,000 of the Consideration Shares, representing approximately 18% of the issued and outstanding shares of

**OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

**19. PLAN OF ARRANGEMENT (cont'd)**

PowerOre. The Arrangement was approved by shareholders at a special meeting on May 24, 2018 and received formal approval of the Supreme Court of British Columbia on May 30, 2018. Furthermore, PowerOre began trading on the TSX Venture Exchange on June 5, 2018.

As a result of the distribution of PowerOre shares, the Company recorded a dividend in kind in the amount of \$223,142 during the year ended October 31, 2018. As part of the Arrangement, it was agreed with PowerOre that upon the exercise of the Company's warrants that were outstanding before the closing of the Arrangement, the Company would provide 5.5% of the proceeds received upon exercise to PowerOre. PowerOre would then issue approximately 0.06 PowerOre shares for each warrant exercised to the warrant holder. During the period ended April 30, 2020, 2,828,572 of these warrants were exercised and the rest expired.

**20. COMMITMENTS AND CONTINGENCIES**

(i) The Company's exploration activities are subject to various federal and provincial 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 July 16, 2019, the Company is committed to incurring Canadian Exploration Expenditures of \$118,000 by December 31, 2020. Pursuant to the terms of the flow-through agreement entered into on March 27, 2020, the Company is committed to incurring Canadian Exploration Expenditures of \$619,000 by December 31, 2020. Through April 30, 2020, the Company incurred \$96,045 in eligible exploration expenditures which left a \$21,955 expenditure commitment to be made by December 31, 2020 and \$619,000 to be made by December 31, 2021. (See Note 16). 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 commitment

(iii) The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$10,000 due within one year.

(iv) In February 2019, the Company entered into an agreement for the lease of office space. Minimum rental payments over the term of the agreement are approximately:

2020	\$ 18,000
2021	37,000
2022	<u>9,000</u>
	<u>\$ 64,000</u>

**21. CHANGE IN POLICY**

During the year ended October 31, 2019, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights and exploration and evaluation costs, are expensed until it has been established that a mineral property is technically feasible and commercially viable. Previously, the Company capitalized these amounts. The financial statements for the period ended April 30, 2019 have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's financial statements as at April 30, 2019

**OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

**21. CHANGE IN POLICY (cont'd)**

Condensed Interim Consolidated Statements of Financial Position

As at April 30, 2019

	As previously reported	Adjustments	As restated
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 151,906	\$ -	\$ 151,906
Restricted cash	570,967	-	570,967
GST-HST receivable	55,176	-	55,176
Prepaid expenses	3,735	-	3,735
Total current assets	781,784	-	781,784
Investments in associates	73,726	23,625	97,351
Property, plant and equipment	49,888	-	49,888
Exploration and evaluation assets	8,483,828	(8,483,828)	-
<b>TOTAL ASSETS</b>	<b>\$ 9,389,226</b>	<b>\$ (8,460,203)</b>	<b>\$ 929,023</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 113,676	\$ -	\$ 113,676
Due to associate	16,799	-	16,799
Asset retirement obligation	570,967	-	570,967
Total current liabilities	701,442	-	701,442
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	16,564,987	-	16,564,987
Share-based payment reserve	3,283,133	-	3,283,133
Deficit	(11,160,336)	(8,460,203)	(19,620,539)
<b>TOTAL EQUITY</b>	<b>8,909,634</b>	<b>(8,460,203)</b>	<b>227,581</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 9,389,226</b>	<b>\$ (8,460,203)</b>	<b>\$ 929,023</b>

**OREFINDERS RESOURCES INC.**

Condensed Interim Notes to the Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

**21. CHANGE IN POLICY (cont'd)**

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

For the six months ended April 30, 2019

	As previously reported	Adjustments	As restated
<b>EXPENSES</b>			
Consulting and management fees	\$ 163,500	\$ -	\$ 163,500
Exploration expenses	-	44,574	44,574
Amortization of property, plant and equipment	4,069	-	4,069
Office, rent and general	33,751	-	33,751
Professional fees	97,874	-	97,874
Transfer agent, filing fees and shareholder communications	27,733	-	27,733
Travel and related costs	21,880	-	21,880
Gain on dilution of associate	-	(130,326)	(130,326)
Equity loss from investment in associates	48,383	14,660	63,043
<b>TOTAL EXPENSES</b>	<b>\$ 397,190</b>	<b>\$ (71,092)</b>	<b>\$ 326,098</b>
<b>Deferred income tax recovery</b>			
Flow-through share premium renunciation	-	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (397,190)</b>	<b>\$ 71,092</b>	<b>\$ (326,098)</b>
<b>(Loss) per Common Share - Basic and Diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

**OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

**21. CHANGE IN POLICY (cont'd)**

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

For the three months ended April 30, 2019

	As previously reported	Adjustments	As restated
<b>EXPENSES</b>			
Consulting and management fees	\$ 80,000	\$ -	\$ 80,000
Exploration expenses	-	11,644	11,644
Amortization of property, plant and equipment	2,035	-	2,035
Office, rent and general	10,435	-	10,435
Professional fees	67,591	-	67,591
Transfer agent, filing fees and shareholder communications	25,676	-	25,676
Travel and related costs	8,675	-	8,675
Gain on dilution of associate	-	(130,326)	(130,326)
Equity loss from investment in associates	27,438	14,660	42,098
<b>TOTAL EXPENSES</b>	<b>\$ 221,850</b>	<b>\$ (104,022)</b>	<b>\$ 117,828</b>
<b>Deferred income tax recovery</b>			
Flow-through share premium renunciation	-	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (221,850)</b>	<b>\$ 104,022</b>	<b>\$ (117,828)</b>
<b>(Loss) per Common Share - Basic and Diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

**OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

**21. CHANGE IN POLICY (cont'd)**

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended April 30, 2019

	As previously reported	Adjustments	As restated
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Loss for the period	\$ (397,190)	\$ 71,092	\$ (326,098)
Items not involving cash			
Amortization of property, plant and equipment	4,069	-	4,069
Gain on dilution of associate		(130,326)	(130,326)
Equity loss from investment in associate	48,383	14,660	63,043
Changes in non-cash working capital items:			
GST-HST receivable	(34,852)	-	(34,852)
Prepaid expenses	11,565	-	11,565
Accounts payable and accrued liabilities	65,605	-	65,605
Net cash (used in) operating activities	(302,420)	(44,574)	(346,994)
<b>INVESTING ACTIVITIES</b>			
Purchase of exploration and evaluation assets	(44,574)	44,574	-
Net cash (used in) provided by investing activities	(44,574)	44,574	-
<b>FINANCING ACTIVITIES</b>			
Advances from an associate	6,640	-	6,640
Net cash provided by financing activities	6,640	-	6,640
<b>NET(DECREASE) IN CASH</b>	(340,354)	-	(340,354)
<b>CASH, BEGINNING OF PERIOD</b>	492,260	-	492,260
<b>CASH, END OF PERIOD</b>	\$ 151,906	\$ -	\$ 151,906

**OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

**21. CHANGE IN POLICY (cont'd)**

Condensed Interim Consolidated Statement of Cash Flows

For the three months ended April 30, 2019

	As previously reported	Adjustments	As restated
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Loss for the period	\$ (221,850)	\$ 104,022	\$ (117,828)
Items not involving cash			
Amortization of property, plant and equipment	2,035	-	2,035
Gain on dilution of associate	-	(130,326)	(130,326)
Equity loss from investment in associate	27,438	14,660	42,098
Changes in non-cash working capital items:			
GST-HST receivable	(24,858)	-	(24,858)
Prepaid expenses	(2,235)	-	(2,235)
Accounts payable and accrued liabilities	49,978	-	49,978
Net cash (used in) operating activities	(169,492)	(11,644)	(181,136)
<b>INVESTING ACTIVITIES</b>			
Purchase of exploration and evaluation assets	(11,644)	11,644	-
Net cash (used in) provided by investing activities	(11,644)	11,644	-
<b>FINANCING ACTIVITIES</b>			
Advances from an associate	-	-	-
Net cash provided by financing activities	-	-	-
<b>NET(DECREASE) IN CASH</b>	(181,136)	-	(181,136)
<b>CASH, BEGINNING OF PERIOD</b>	333,042	-	333,042
<b>CASH, END OF PERIOD</b>	\$ 151,906	\$ -	\$ 151,906

**OREFINDERS RESOURCES INC.**

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the six months ended April 30, 2020 and 2019

(Expressed in Canadian dollars)

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**22. EVENTS SUBSEQUENT TO PERIOD END**

(i) Since April 30, 2020, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.