



Orefinders Resources Inc.

**Condensed Interim
Consolidated Financial Statements - Unaudited**

For the Nine Months Ended July 31, 2018 and 2017
(Expressed in Canadian Dollars unless otherwise indicated)

Management's responsibility for financial reporting

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

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

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

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

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

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

("signed")
(Stephen Stewart)
CEO

("signed")
(Jeffrey Potwarka)
CFO

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

	Notes	July 31 2018 <i>(unaudited)</i>	October 31 2017 <i>(audited)</i>
ASSETS			
Current			
Cash		\$ 130,680	\$ 331,528
Restricted cash	6	570,967	88,806
Marketable securities	7	-	632,258
GST-HST receivable		44,491	22,586
Due from associate	8	86,466	-
Prepaid expenses		23,599	2,500
Total current assets		856,203	1,077,678
Investment in associate	8	67,354	-
Equipment	9	855	1,103
Exploration and evaluation assets	10,15	8,225,291	6,045,762
TOTAL ASSETS		\$ 9,149,703	\$ 7,124,543
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	\$ 70,652	\$ 152,914
Financing fee payable	13	-	100,000
Flow-through share liability	12	30,000	-
Asset retirement obligation	14	88,806	88,806
Total current liabilities		189,458	341,720
SHAREHOLDERS' EQUITY			
Share capital	16	16,034,987	13,515,824
Share-based payment reserve	16	3,283,133	2,511,356
Deficit		(10,357,875)	(9,244,357)
TOTAL EQUITY		8,960,245	6,782,823
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 9,149,703	\$ 7,124,543

Going concern (Note 2)
Commitments and contingencies (Notes 10, 12, 21 and 23)
Subsequent events (Note 23)

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)

		Nine Months ended July 31,		Three Months ended July 31,	
<i>(Unaudited)</i>	Notes	2018	2017	2018	2017
EXPENSES					
Consulting and management fees	15	\$ 306,500	\$ 105,000	\$ 119,850	\$ 46,000
Share-based payments	16	544,958	22,659	25,158	22,659
Amortization of equipment	9	248	-	83	-
Amortization of debt financing costs	13	-	157,872	-	-
Accretion on asset retirement obligation	14	-	11,102	-	3,701
Office, rent and general		42,043	29,731	17,842	10,898
Professional fees		130,013	33,497	52,957	7,206
Reorganization costs	20	69,343	-	(7,674)	-
Transfer agent, filing fees and shareholder communications		255,335	34,342	129,017	18,146
Travel and related costs		39,393	13,539	842	3,953
(Gain) on sale of marketable securities	7	(15,506)	-	-	-
(Gain) loss on change in fair value through profit and loss of marketable securities	7	(167,742)	116,129	-	51,613
(Gain) loss on sale of exploration and evaluation assets	10	(323,567)	930,043	(323,567)	-
(Gain) on sale of subsidiary	8	(103,713)	-	(103,713)	-
Equity loss in associate	8	83,071	-	83,071	-
Deferred income tax expense on flow through share premium	12	30,000	-	-	-
TOTAL EXPENSES		\$ 890,376	\$ 1,453,914	\$ (6,134)	\$ 164,176
NET (LOSS) INCOME FOR THE PERIOD		\$ (890,376)	\$ (1,453,914)	\$ 6,134	\$ (164,176)
Loss per Common Share - Basic and Diluted		\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)
Weighted Average Number of Common Shares Outstanding					
- Basic and Diluted		83,156,693	58,713,288	83,156,693	58,713,288

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

OREFINDERS RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Share capital		Share-based Payment Reserve	Deficit	Total
	Number of shares	Amount			
Balance at October 31, 2016	58,713,288	\$ 13,515,824	\$ 2,488,697	\$ (7,612,226)	\$ 8,392,295
Loss for the period	-	-	-	(1,453,914)	(1,453,914)
Share-based payments	-	-	22,659	-	22,659
Balance at July 31, 2017	58,713,288	\$ 13,515,824	\$ 2,511,356	\$ (9,066,140)	\$ 6,961,040
Loss for the period	-	-	-	(178,217)	(178,217)
Balance at October 31, 2017	58,713,288	\$ 13,515,824	\$ 2,511,356	\$ (9,244,357)	\$ 6,782,823
Loss for the period	-	-	-	(890,376)	(890,376)
Shares issued on acquisition of subsidiary	22,753,246	1,706,493	-	-	1,706,493
Warrants issued on acquisition of subsidiary	-	-	201,819	-	201,819
Shares issued for exploration and evaluation assets	5,000,000	350,000	-	-	350,000
Shares issued on private placement	2,477,125	198,170	-	-	198,170
Value of warrants	-	(38,000)	38,000	-	-
Shares issued on flow-thru private placement	1,500,000	150,000	-	-	150,000
Value of warrants	-	(23,000)	23,000	-	-
Broker warrants issued	-	-	6,000	-	6,000
Share issuance costs	-	(16,500)	-	-	(16,500)
Warrants exercised	1,500,000	192,000	(42,000)	-	150,000
Share-based payments	-	-	544,958	-	544,958
Dividend in kind	-	-	-	(223,142)	(223,142)
Balance at July 31, 2018	91,943,659	\$ 16,034,987	\$ 3,283,133	\$ (10,357,875)	\$ 8,960,245

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

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

	Nine Months ended July 31,		Three Months ended July 31,	
<i>(Unaudited)</i>	2018	2017	2018	2017
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
(Loss) income for the period	\$ (890,376)	\$ (1,453,914)	\$ 6,134	\$ (164,176)
Items not involving cash				
Amortization of equipment and software	248	-	83	-
Amortization of debt financing costs	-	157,872	-	-
Accretion on asset retirement obligation	-	11,102	-	3,701
(Gain) on sale of marketable securities	(15,506)	-	-	-
(Gain) Loss on change in fair value through profit and loss of marketable securities	(167,742)	116,129	-	51,613
(Gain)loss on sale of exploration and evaluation assets	(323,567)	930,043	(323,567)	-
Equity loss from investment in associate	83,071	-	83,071	-
Deferred income tax on flow through share premium	30,000	-	-	-
Share-based payments	544,958	22,659	25,158	22,659
Changes in non-cash working capital items:				
GST-HST and QST receivable	(16,919)	97,258	21,023	122,621
Prepaid expenses	(21,095)	(22,134)	(19,595)	(22,134)
Accounts payable and accrued liabilities	(122,925)	(479,605)	(75,185)	(56,708)
Net cash (used in) operating activities	(899,853)	(620,590)	(282,878)	(42,424)
INVESTING ACTIVITIES				
Exploration and evaluation assets expenditures	(160,171)	(1,340,645)	(24,092)	(65,710)
Payment for reclamation deposit on property	(482,161)	-	(482,161)	-
Proceeds on sale of exploration and evaluation assets	-	500,000	-	-
Proceeds on sale of marketable securities	815,506	-	-	-
Advanced to associate	(86,466)	-	(86,466)	-
Cash acquired on acquisition of Premet Inc.	224,627	-	-	-
Net cash provided by (used in) investing activities	311,335	(840,645)	(592,719)	(65,710)
FINANCING ACTIVITIES				
Proceeds on issue of common shares	348,170	-	-	-
Cash share issuance costs	(10,500)	-	-	-
Proceeds on exercise of warrants	150,000	-	150,000	-
Proceeds on sale of gold ore	-	2,090,913	-	-
Repayment of financing fee payable	(100,000)	-	-	-
Repayment of loan payable	-	(450,000)	-	-
Net cash provided by financing activities	387,670	1,640,913	150,000	-
NET (DECREASE) INCREASE IN CASH	(200,848)	179,678	(725,597)	(108,134)
CASH, BEGINNING OF PERIOD	331,528	321,835	856,277	609,647
CASH, END OF PERIOD	\$ 130,680	\$ 501,513	\$ 130,680	\$ 501,513

Supplemental cash flow information (Note 19)

OREFINDERS RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

July 31, 2018 and July 31, 2017

(Expressed in Canadian dollars)

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

1. NATURE OF OPERATIONS

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

The head and principal office of the Company is located at 2500-120 Adelaide St. West, Toronto, Ontario, Canada, M5H 1T1.

During the period, the Company entered into agreement to acquire all of the outstanding common shares and warrants of Premet Inc., (“Premet”) a private company incorporated in Ontario. All Premet exploration and evaluation properties are located in the Abitibi's Shining Tree district of Ontario.

On February 1, 2018, Orefinders formed a newly created wholly-owned subsidiary PowerOre Inc. During the period, 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 20).

2. GOING CONCERN

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

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

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

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

As at July 31, 2018, the Company had working capital of \$666,745 (October 31, 2017 - \$735,958) an accumulated deficit of \$10,357,875 (October 31, 2017 - \$9,244,357). Orefinders has no proven history of performance, earnings or success. However, management believes that the Company has sufficient working capital to continue operating over the next 12 months.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles

OREFINDERS RESOURCES INC.

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July 31, 2018 and July 31, 2017

(Expressed in Canadian dollars)

3. applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and **SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these condensed interim consolidated financial statements. Such adjustments could be material.

The condensed interim consolidated financial statements were authorized for issue on September 28, 2018 by the directors of the Company.

Statement of compliance

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

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of September 28, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended October 31, 2017 and were consistently applied to all the periods presented unless otherwise noted. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2018 could result in restatement of these condensed interim consolidated financial statements.

Basis of presentation

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

Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of Orefinders Resources Inc. and its wholly controlled 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 period are included in the consolidated statements of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

The accounts of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. On May 30, 2018, the Company amalgamated with its wholly-owned subsidiary Premet Inc., a private company incorporated in Ontario. On February 1, 2018, the Company formed a wholly-owned subsidiary PowerOre Inc which is an Ontario, Alberta, British Columbia reporting issuer incorporated in British Columbia. The consolidated financial information includes the accounts for PowerOre from February 1, 2018 through to May 30, 2018 at which time a disposal of subsidiary was recorded. The Company's remaining 18% investment in PowerOre is being accounted for as an investment in associate effective May 31, 2018.

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

OREFINDERS RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

July 31, 2018 and July 31, 2017

(Expressed in Canadian dollars)

3. equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is **SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

increased or decreased to recognize the investor's shares of profit or loss of the associate. The Company's share of income or loss of associates is recognized in the consolidated statement of income (loss) prior to the date that it became an investment entity. 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 income (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 statement of income (loss). The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The condensed interim consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

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

Significant accounting judgements, estimates and assumptions

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

(a) Capitalization of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred may have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of other operating facilities and discoveries, operating management expertise and existing permits. See Note 10 for details of exploration and evaluation assets.

(b) Impairment of exploration and evaluation assets

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

OREFINDERS RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

July 31, 2018 and July 31, 2017

(Expressed in Canadian dollars)

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

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

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

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

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

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

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

(e) Share-based payments and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

Exploration and evaluation expenditures

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

E&E costs consist of:

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

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

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

OREFINDERS RESOURCES INC.

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(Expressed in Canadian dollars)

related property.

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

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

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

Depletion

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

Impairment of non-financial assets

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

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

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

Share-based payments

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

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

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

July 31, 2018 and July 31, 2017

(Expressed in Canadian dollars)

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

shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the periods ended July 31, 2018 and 2017.

Financial instruments

Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. During the period ended July 31, 2018, the Company classified its shares in Pure Gold Mining Inc. (Note 7) as FVTPL.

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

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

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

Financial liabilities

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

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

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

Financial instruments fair value hierarchy

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

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

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

Equipment and software

Equipment and software 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 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
Automotive Equipment	30%
Software	55%
Computer Equipment	30%

Asset Retirement Obligations ("ARO")

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

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

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

Income tax

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

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

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

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

Flow-through share issuances

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

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

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

4. FUTURE ACCOUNTING PRONOUNCEMENTS

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

(i) IFRS 9, *Financial Instruments* ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive earnings and FVTPL. The basis of classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive loss rather than in net loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has completed its assessment of the impact of IFRS 9. Management expects a reclassification of the portion of the gain (loss) on financial instruments at fair value for the stream obligation related to the Company's own credit risk from net loss to comprehensive loss.

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

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

The transaction was entered into based on normal market conditions at the amount agreed on by the parties. The transaction did not meet the criteria of a business combination since Premet lacks necessary inputs, process, and outputs of being a business; therefore, it has been accounted for as an acquisition of assets by the Company. The purchase consideration was allocated to the assets acquired based on their fair values at the date of the acquisition net of any associated liabilities. The fair values acquired are as follows: Cash \$224,627; GST Receivable \$4,989; Knight Project Exploration and Evaluation Asset \$1,719,350 (including the acquisition premium of \$1,346,722); Accounts Payable \$40,664. The main asset acquired was the 100% mineral property interest in the Knight Project.

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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 July 31, 2018, restricted cash totaled \$570,967 (October 31, 2017 - \$88,806). This is comprised of funds placed by the Company with the Ontario government in the amount of \$88,806 (October 31, 2017 - \$88,806) to be applied toward reclamation of the Mirado stockpile area (Note 13) and \$482,161 (October 31, 2017 - \$Nil) in funds placed by the Company with the Ontario government related to the closing of the August 2018 acquisition of McGarry Project (Note 23)

7. MARKETABLE SECURITIES

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

	Number of Shares	July 31, 2018	Number of Shares	October 31, 2017
Pure Gold Mining Inc.	-	\$ -	1,290,322	\$ 632,258

During the period ended July 31, 2018, the Company recorded a gain on sale of marketable securities of \$15,506 (2017 - \$Nil), and a gain from changes in fair value through profit and loss financial assets of \$167,742 (2017 - Loss from changes in fair value through profit and loss financial assets - \$116,129).

8. INVESTMENT IN ASSOCIATE

As at May 31, 2018, the Company lost control of PowerOre as a result of the Plan of Arrangement as detailed in Note 20 and a private placement 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. As a result, the Company now holds 5,500,000 shares (or an 18% interest) in PowerOre and is accounting for this investment using the equity method. The continuity of the carrying value for the investment in associate for the period ended July 31, 2018 is as follows:

Initial investment in PowerOre	\$446,284
Less: Distribution of PoweOre shares as dividend in kind	(223,142)
Less: Equity loss from PowerOre	(83,071)
Less: Deferred gain on sale of property	<u>(72,717)</u>
Carrying value - July 31, 2018	<u><u>\$67,354</u></u>

At July 31, 2018, the Company has a receivable in the amount of \$86,466 that is due from PowerOre. This amount relates to reorganization/spin-off costs incurred by the Company and apportioned to PowerOre. This amount was received after period end by the Company

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9. EQUIPMENT

	Software	Computer Equipment	Total
Cost			
Balance, October 31, 2016	\$ 41,570	\$ -	\$ 41,570
Additions	-	1,298	1,298
Disposals	(41,570)	-	(41,570)
Balance, October 31, 2017	-	1,298	1,298
Additions	-	-	-
Balance, July 31, 2018	-	1,298	1,298
Accumulated amortization			
Balance, October 31, 2016	\$ 41,570	-	\$ 41,570
Amortization	-	195	195
Disposal	(41,570)	-	(41,570)
Balance, October 31, 2017	-	195	195
Amortization	-	248	248
Balance, July 31, 2018	-	443	443
Net book value, July 31, 2018	\$ -	\$ 855	\$ 855
Net book value, October 31, 2017	\$ -	\$ 1,103	\$ 1,103

10. EXPLORATION AND EVALUATION ASSETS

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

	Derlak	Mirado	MZ Claims	Gold Hill	Knight	Total
Balance, October 31, 2016	\$ 2,225,302	\$ 6,014,766	\$ 680,879	\$ 67,656	\$ -	\$ 8,988,603
Acquisition costs	4,741	1,324	-	613	-	6,678
Exploration costs	-	150,418	-	-	-	150,418
Stockpile hauling and crushing costs	-	1,221,019	-	-	-	1,221,019
Revenue from sale of gold ore (net of royalty expenses)	-	(2,090,913)	-	-	-	(2,090,913)
Sale of exploration and evaluation assets	(2,230,043)	-	-	-	-	(2,230,043)
Balance, October 31, 2017	\$ -	\$ 5,296,614	\$ 680,879	\$ 68,269	\$ -	\$ 6,045,762
Acquisition costs	-	1,286	-	-	702,000	703,286
Exploration costs	-	123,551	-	-	55,970	179,521
Sale of property	-	-	-	-	(50,000)	(50,000)
Acquisition premium (Note 5)	-	-	-	-	1,346,722	1,346,722
Balance, July 31, 2018	\$ -	\$ 5,421,451	\$ 680,879	\$ 68,269	\$ 2,054,692	\$ 8,225,291

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10. EXPLORATION AND EVALUATION ASSETS (cont'd)

During the period ended July 31, 2018, the Company earned pre-production revenue from gold ore sales (net of royalty expenses) of \$Nil (2017 - \$2,090,913) on its Mirado Project. Since the Company has not yet reached commercial production, any revenue would have been credited to the Mirado exploration and evaluation asset.

Derlak Red Lake Project (“Derlak”)

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

On March 6, 2017, the Company entered into a definitive agreement with Pure Gold Mining Inc. (TSX.V: PGM) to sell the Company's Derlak Project in Red Lake, Ontario. In return for a \$1.3 million value, Orefinders has agreed to transfer its 100% interest in the Derlak Project. The \$1.3 million in total consideration to the Company was comprised of \$500,000 in cash and \$800,000 worth of Pure Gold Mining Inc. shares (1,290,322 shares valued at \$0.62 per share based on the quoted market price of the shares on the date the agreement was signed). On March 10, 2017, the sale was completed and the consideration was received by the Company. As a result of the sale, the Company recorded a \$930,043 loss on sale of exploration and evaluation assets in the period ended July 31, 2017.

Mirado Gold Project “Mirado”

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

MZ Claims (Comprising Part of the Mirado)

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

Gold Hill Project “Gold Hill”

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

Knight Project “Knight”

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

During the period ended July 31, 2018, in connection with the Plan of Arrangement (Note 20), the Company transferred its Mann Property and MacMurchy Property components of the Knight Project to PowerOre and realized a gain of \$323,567 in the consolidated statement of loss.

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11. 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:

	July 31, 2018	October 31, 2017
Trade payables	\$ 55,652	\$ 137,914
Accruals	15,000	15,000
	<u>\$ 70,652</u>	<u>\$ 152,914</u>

12. 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 flow-through shares in December 2017, the Company recorded a flow-through liability of \$30,000. As expenditures are incurred, the flow-through share liability is reversed. To July 31, 2018, the Company incurred \$Nil in eligible exploration expenditures and, accordingly, the flow-through share liability remained at \$30,000.

13. LOAN PAYABLE

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

(i) Loan

Under the August 20, 2016 debt agreement, the Company was advanced \$450,000. In addition, the Company incurred a financing fee of \$180,000, a debt issuance expense of \$90,000 related to the issue of bonus common shares to the lender and legal costs in the amount of \$15,446 for a total of \$285,446. Amortization for the period ended July 31, 2018 in the amount of \$Nil (2017 - \$157,872) has been recognized. The loan was secured by the Company's Mirado property. On March 2, 2017, the Company repaid the \$450,000 loan and received a release and discharge of the security.

(ii) Financing Fees Payable

In connection with the Loan, a financing fee in the amount of \$180,000 was originally due and payable August 31, 2017. An agreement with the lender was reached to write-off \$80,000 of the original \$180,000 financing fee. The remaining \$100,000 financing fee payable is now unsecured and was due December 31, 2017. On December 31, 2017, \$50,000 was paid to the lender and \$50,000 was paid for through the issuance of common shares under a private placement by the Company. (Note 16)

(iii) Royalty Streaming Agreement

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

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13. LOAN PAYABLE (cont'd)

legal costs for a net amount of \$34,554 has been accounted for as a credit against the Mirado exploration and evaluation costs during the year ended October 31, 2016. (Note 10)

14. ASSET RETIREMENT OBLIGATION (“ARO”)

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

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

During the period ended July 31, 2018, the Company recorded \$Nil (2017 - \$11,102) in accretion expense.

15. RELATED PARTY TRANSACTIONS

As at July 31, 2018, the Company had a receivable from PowerOre in the amount of \$86,466. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

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 July 31, 2018 consisted of management and consulting fees of \$219,500 (2017 – \$105,000), geological consulting fees capitalized to exploration and evaluation assets of \$34,600 (2017 - \$44,200) and share based payments valued at \$446,460 (2017 - \$22,659).

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

	2018	2017
Management and consulting fees	\$ 219,500	\$ 105,000
Geological consulting fees capitalized	34,600	44,200
	\$ 254,100	\$ 149,200

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16. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

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

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

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

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

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.

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16. SHARE CAPITAL (cont'd)

The changes in stock options during the period ended July 31, 2018 and October 31, 2017 is as follows:

	July 31, 2018			October 31, 2017	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of period	4,296,000	\$ 0.063	3.30	5,871,000	\$ 0.14
Options granted	4,550,000	\$0.13	4.46	400,000	\$0.07
Options reclassified as warrants	-	-	-	-	-
Options expired	-	-	-	(1,975,000)	(0.28)
Options outstanding, end of period	8,846,000	\$ 0.10	3.54	4,296,000	\$ 0.06
Options exercisable, end of period	8,846,000	\$ 0.10	3.54	4,296,000	\$ 0.06

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 period ended July 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 period ended July 31, 2018.

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

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 July 31, 2018 was \$0.12 (2017 - \$0.06) per share.

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

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
400,000	400,000	\$ 0.10	January 22, 2020
250,000	250,000	\$ 0.10	February 4, 2020
2,100,000	2,100,000	\$ 0.05	November 17, 2020
400,000	400,000	\$0.055	July 8, 2021
746,000	746,000	\$ 0.07	October 20, 2021
400,000	400,000	\$0.07	July 13, 2022
4,250,000	4,250,000	\$0.13	January 5, 2023
300,000	300,000	\$0.10	June 5, 2023
8,846,000	8,846,000	\$ 0.10	

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16. SHARE CAPITAL (cont'd)*Warrants*

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

	July 31, 2018			October 31, 2017	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Warrants outstanding, beginning of period	3,056,072	\$ 0.10	0.83	4,459,643	\$ 0.23
Warrants issued	5,506,550	0.06	1.91	-	-
Warrants exercised	(1,500,000)	(0.10)	(0.07)	-	-
Warrants expired	-	-	-	(1,403,571)	(0.50)
Warrants outstanding, end of period	7,062,622	\$ 0.07	1.16	3,056,072	\$ 0.10

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

Number of warrants outstanding	Exercise Price	Expiry Date
1,556,072	\$ 0.10	October 21, 2018
1,988,563	\$0.12	December 29, 2019
105,000	\$0.12	December 29, 2019
2,828,572	\$0.02	January 5, 2020
584,415	\$0.05	January 5, 2020
7,062,622	\$ 0.07	

Share-based payment reserve

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

	July 31, 2018	October 31, 2017
Balance – Beginning of period	\$ 2,511,356	\$ 2,488,697
Value of warrants issued on acquisition of Premet	201,819	-
Value of warrants issued on private placements	61,000	-
Value of broker warrants issued	6,000	-
Warrants exercised	(42,000)	-
Share-based payments	544,958	22,659
Balance – End of period	\$ 3,283,133	\$ 2,511,356

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17. CAPITAL MANAGEMENT

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

The Company's mineral properties are in the exploration stage and, as a result, the Company does not currently generate cash flow from operations. The Company intends to raise such funds as and when required to complete its exploration projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms.

The only sources of future funds presently available to Orefinders are through the exercise of outstanding stock options and the sale of equity capital of the Company, the issuance of loans and/or debentures or the sale of an interest in any of its mineral properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

There can be no assurance that Orefinders will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

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

There were no changes in the Company's approach to capital management during the periods ended July 31, 2018 and 2017. The Company is not subject to externally imposed capital restrictions.

18. 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.

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18. FINANCIAL RISK MANAGEMENT (cont'd)*Currency risk*

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

Market price risk

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

The Company is also exposed to market risk relating to its investment in marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favourable prices. The Company's marketable securities are comprised of an investment in one publicly traded corporation (see Note 8).

Commodity price risk

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

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

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

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

The Company's marketable securities are subject to fair value fluctuations. As at July 31, 2018, if the fair value of the marketable securities fluctuated by 10% all other factors held constant, net loss would have changed by approximately \$Nil (2017 - \$68,400).

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:

	July 31, 2018	October 31, 2017
Loans and receivables:		
Cash	\$ 130,680	\$ 331,528
Other financial assets – Fair value through profit and loss:		
Marketable securities	-	632,258
	\$ 130,680	\$ 1,052,592

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

	July 31, 2018	October 31, 2017
Other-financial liabilities:		
Accounts payable and accrued liabilities	\$ 70,652	\$ 152,914
Financing fee payable	-	100,000
	\$ 70,652	\$ 252,914

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18. FINANCIAL RISK MANAGEMENT (cont'd)

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

19. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2018	2017
Change in exploration expenditures included in accounts payable and accrued liabilities	\$ 107,398	\$ 339,840
Value of common shares issued on acquisition of Premet (excluding cash)	\$ 1,683,685	\$ -
Value of common shares issued for exploration assets	\$ 350,000	\$ -
Value of PoweOre common shares received on sale of Mann property and MacMurray property to PowerOre	\$ 446,284	\$ -

20. 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 a plan of arrangement (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 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 transfer of the Mann property and MacMurchy property to PowerOre, the Company recorded a gain on sale of exploration and evaluation asset of \$323,567. As a result of the distribution of PowerOre shares, the Company recorded a dividend in kind in the amount of \$223,142. In connection with the Arrangement, the Company recorded net expenses in the amount of \$69,343 (2017 - \$Nil) in the consolidated statement of loss for the period ended July 31, 2018.

21. COMMITMENTS AND CONTINGENCIES

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

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

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22. COMPARATIVE FIGURES

The July 31, 2017 comparative figures have been restated to reflect an adjusting entry recorded in the year ended October 31, 2017. During the period ended July 31, 2017, the Company earned pre-production revenue from gold ore sales on its Mirado Project. Since the Company had not yet reached commercial production, any revenue should have been credited to the Mirado exploration and evaluation asset and not recorded as revenue in the statement of loss and comprehensive loss. The net effect was an understatement of the net loss in the amount of \$124,984.

23. EVENTS SUBSEQUENT TO REPORTING PERIOD

On August 20, 2018 (pursuant to an agreement entered into March 29, 2018), the Company closed the acquisition of the McGarry Mine, a former producer, and the Barber-Larder projects. In return, the Company issued 8,000,000 shares of the Company at closing. The projects consist of 46 Patented Mining Claims and 5 Mining Licences of Occupation. They comprise an area located along a 2.4 km strike length of the Cadillac-Larder Lake fault abutting the Kerr Addison Mine on the east and Bonterra Resources' Cheminis and Bear Lake projects on the west.