Gold Price Update: June 2019

WHAT HAVE WE SEEN THESE LAST 30 DAYS?

Gold price movements in June 2019 look promising as we have exceeded the $1,400 level. This key psychological threshold needs to hold and mature for confidence to be restored from generalist capital so that it flows back into the sector. Should $1,400 hold, it would mark the beginning of a rebirth for gold juniors which Orefinders' strategy has been specifically planned for: to acquire in the downturn and develop in a bull market.

Thus far the gold majors have seen an increase in share price correlating with gold price. The gold price was $1,280/oz 30 days prior to reaching $1,400/oz. This 10% increase in gold price corresponds to a 25% share price increase over the same time period for gold equities including Barrick, Kirkland Lake Gold and the GDX. The correlation is evident, but also note the leverage to gold price being 2.5:1. The narrative for investing in gold equities is to get levered exposure to gold price, which has held true this past month.

Gains within the juniors have been comparatively muted, but this is expected as the they will lag gold's movements as a higher gold price does not directly impact a junior's bottom line. Furthermore, greater sector confidence is required for capital to travel up the risk curve.

WHAT COULD HAPPEN NEXT?

Initially, generalist capital seeks returns in the perceived lowest risk segment of gold – the majors. As these investors gain confidence and realize returns in gold, the upside to the majors will rationalize and investors will increase their risk appetite and pivot towards the mid-tiers. The process will be repeated until risk capital flows back into the industry and provides attention to the junior explorers and developers.

While perceived low-risk companies like Barrick and Kirkland Lake Gold have seen a 2.5:1 increase to gold price, the juniors, who've lost 90% of their value since 2012, are poised to deliver many multiples which the majors have thus far provided. Should this $1,400/oz gold price be sustained, there appears to be an opportunity get ahead of the curve by evaluating gold equities which correlate but lag gold price movement.

MERGERS AND ACQUISITIONS UPDATE

MAJORS

Since 2013, institutional investors have demanded rightsized operations, delevered balance sheets and lower costs. In a depletion business such as mining, these themes can only be temporary.

Over the past year, Orefinders has met with a series of large mining companies who are all thinking about their five year plan to replenish depleted reserves. Securing future gold supply will again be thematic, with M&A at the forefront and exploration soon after.

MID-TIERS

This segment is facing intense pressure to merge amongst themselves, with the narrative from institutional investors being that a $2 billion company is no longer practical or competitive. The Barrick-Randgold and Newmont-Goldcorp mergers set the tone that bigger is once again better. The mid-tiers, who compete with the majors for capital from the same pool of investors, will need to follow suit.

M&A is no longer just about operational synergies. The objective is to become *the* big name in gold in order to access the lowest cost of capital to fund operations and acquisitions.

GOLD JUNIORS

Gold juniors have been neglected to the point where they have lost 90% of their value.

However, should the gold price hold or exceed the $1,400/oz level, in time, all boats are likely to rise. But the cream of the crop will dramatically outperform the average. If we apply Pareto's 80-20 Principle, 80% of junior gold companies are little more than long-term liabilities, while 20% are good companies with interesting assets run by quality management. If we apply anther 80-20 deviation to the 20% of good companies, we can approximate that 4% of juniors will deliver mines or trade sales within a reasonable investment horizon. The remaining 96% may offer phenomenal trades in the near term but carry longer term risks.

We forecast that should gold price hold at the $1,400/oz level for a few months, on the balance, junior gold explorers and developers are set to outperform. While high quality juniors could offer explosive returns.

Furthermore, if there is validity in the thesis of a lag between gold price and various categories of gold equities, we encourage you to read Orefinders' investment thesis titled "Why Invest in Orefinders?". This is reproduced below but originally published in September 2018. Orefinders strategy was built on being cognizant of the gold cycle, its cost of capital and the return on investment to our shareholders. Orefinders has taken a different approach from typical gold juniors in preparation for an uptick in the gold market, which as of June 2019, appears to be underway with many of the themes in Orefinders' investment thesis having now been realized.

Below, read Orefinders investment thesis 'Why Invest in Orefinders?' originally published in September 2018

OREFINDERS

Why Invest in Orefinders?

BECAUSE YOU…

- WANT LEVERED EXPOSURE TO THE PRICE OF GOLD
- SEE VALUE IN A CLEAR AND FOCUSED STRATEGY TO OWN GOLD ASSETS IN CANADA
- WANT AN ACTIVE MANAGEMENT TEAM WHOSE INTERESTS ARE ALGINED WITH YOURS

… OREFINDERS IS NOT YOUR TRADITIONAL GOLD JUNIOR.

Orefinders differentiates itself through our value-based approach to increase our share price and shareholder value over the long term. We know that we cannot control the markets or commodity prices, but we can control our response to them:

1. **When the market presents an opportunity to acquire assets for less than their fair value, we look to acquire.**

2. **When the market pays fair value for assets and rewards exploration results, then we will pivot, return to the drill bit and focus on developing our existing assets.**

This flexible approach mitigates risk in what is perceived as a risky business, but requires a long-term outlook, discipline and an exceptional level of due diligence.

Orefinders goal is to own the next generation of gold mines in the Abitibi, and we believe that our existing assets—Mirado, Knight and McGarry Mines—clearly fit this profile. However, in this protracted bear market for gold assets, we see accretive opportunities to increase our footprint through acquisitions that fit our select criteria.

WHAT OREFINDERS OWNS & WHAT YOU CAN EXPECT US TO OWN. OUR ASSET CRITERIA:

- Gold Only
- Abitibi Greenstone belt of Ontario
- Advanced Stage assets with well established geology via pre-existing drilling/exploration that can be validated and made compliant with minimal additional drilling
- Former Production or near-term production in brownfields environments

- Geologic Upside. Each asset must provide upside potential through additional discovery via exploration
- Assets must offer scale and synergies due to their proximity to the existing Orefinders portfolio
- Assets are or will be drill ready and permitted with detailed exploration and development plans
- Existing Databases. Our team sees big value in high quality, validated datasets from previous owners

WHAT MAKES OREFINDERS DIFFERENT? OUR FOCUSED & FLEXIBLE PLAN TO CREATE SHAREHOLDER VALUE

The usual junior mining business model revolves around raising capital, drilling and then repeating the process. While excellent drill results and the ability to raise capital are key parts of value creation, it is equally important to recognize timing, cost of capital and the return on investment as fundamental to shareholder value.

Orefinders is unwilling to follow the herd's short-term outlook. Our cyclically timed strategy of acquiring assets over exploring for them is a business decision based on experience, success and long-term thinking. Since we cannot control the gold cycle, we seek to understand it and plan accordingly over the medium to long term.

We recognize that each of our portfolio assets and target properties require investment to take them to the Feasibility stage, yet our plan is to be patient to minimize dilution and maximize shareholder value. As the cycle evolves, so will market dynamics which will rerate gold assets. This is when we pivot.

In the meantime, this prolonged bear market provides us the opportunity to:

1) **Make accretive acquisitions**

2) **Prepare our existing assets for the next phase of the cycle, by fully evaluating what our assets are, what they can be and developing plans to get them there.**

OREFINDERS VIEW ON CURRENT MARKET DYNAMICS

Our view considers the mining cycle in its entirety. In its current phase the market is indifferent and unresponsive to conventional catalysts. Drill results, short spectacular intersections, receive little reward from the market while great results have become an opportunity to sell. This is an invalid investment proposition. But all markets present opportunities and Orefinders sees this bear market for gold assets as the ideal time to grow our portfolio, while intelligently and patiently developing our owned assets.

To further simplify our rationale:

> ***Acquisition capital is best deployed in a bear market.***
>
> ***Exploration capital is best raised in a bull market.***

MARKET VALUE VS DISCOVERY COSTS

In the current market there is a vastly better risk adjusted return in making acquisitions compared to exploration and development. It is cheaper and less risky to buy an existing ounce of gold in the ground than to discover and delineate a 'new' ounce by drilling. While 'in the ground ounces' are like snowflakes, all else equal, these are the same ounces. **So why pay more, while incurring more risk?**

THIS IS THE CYCLE, IT IS TRIED AND TRUE. THIS TIME IS NOT DIFFERENT… THE CYCLE WILL REPEAT

As the cycle matures, so does the Market Values vs Discovery Costs proposition. As accretive acquisitions become scarce, Orefinders will pivot inwards. With higher valuations comes a cheaper cost of capital, less risk and less dilution for our own exploration phase. While patience is required, demand for metals is growing at a rapid pace, as are fundamentals for the supply and demand of gold. Undoubtably the cycle will repeat itself. The only real question is its timing.

TIMING THE MARKET

Timing the market or predicting the gold price are impossible tasks with too many variables at play. Therefore, patience is a virtue to endure the markets' often volatile conditions. Orefinders owns its assets outright with no option payments, with the core portions of our assets located on patented claims with no recurring work commitments. This means our assets are solidly entrenched for the benefit of our shareholders. Additionally, we operate with a low overhead and are not spending millions of dollars on drilling, which yields no return in today's market.

When the market turns and mining and exploration is once again fashionable, Orefinders will be in front of the cycle.

GOLD SUPPLY ISSUES

The Systemic Issue: *Grades and Major Discoveries are in significant decline and existing deposits are rapidly being depleted on an industry-wide basis*

The average gold grade going through the mill has declined significantly over the last ten years and this downward trend will continue. It was not long ago that mining one gram of gold per ore tonne was unthinkable, while double-digit grades were common. As producers continue to deplete their mines in this deceasing grade and scarce discovery environment, they will have no choice but to consolidate and acquire the pipeline of next generation assets that are owned by juniors such as Orefinders.

The Market Issue*: As an industry, M&A, Exploration, Sustaining Capital, and Project Development have all been Deferred*

Since the bear market began in 2012, miners have focused on healing their balance sheets by paying down debt and slashing expenses. Concurrently, many producers have high-graded their deposits, deferred M&A and sustaining capital to meet investors' quarterly expectations in the face of a declining gold price.

Additionally, access to capital has been shutoff for exploration companies who are the ones looking to find the next generation of mines to sell to the majors. Such reductions have had serious impacts on the availability and scarcity of assets.

The systemic and market issues are independent of each other but together will compound the supply issues on the horizon. It is inevitable that the miners focus will shift towards replenishing their reserves and growth. Orefinders sees the focus being on projects with historical resources in established mining camps that operated when gold prices were lower and cut-off grades were much higher.

Furthermore, Orefinders sees greater opportunity in these projects to define new deposits based on application of new geologic interpretations and exploration techniques.

COMPETITION FOR THE SPECULATIVE INVESTOR

Traditionally, junior mining has been the sector focus for the speculative investor, i.e. where people assume high risk for the prospect of high reward. However, with the emergence of the cryptocurrency and cannabis sectors, speculative investors have been temporarily lured away. These new sectors provided quick returns, but both appear on the decline.

Most investors now realize that cryptocurrencies smell like tulip-mania and that the cannabis industry looks overvalued. With cannabis legalized, it offers a viable business model, however, its early performance has been enhanced by the allure of a new industry. The cannabis frenzy holds similarities to the dot-com bubble of 2000 with misunderstood and untested business models which are not based on fundamentals. The bursting of the tech bubble also triggered a tremendous bull market for gold and metals.

As the cannabis industry matures, investors are bound to realize that companies in this sector are essentially agricultural or retail businesses to be valued on cash flows. Furthermore, the cannabis industry lacks the upside optionality that junior mining can provide by way of new discoveries.

GOLD SECTOR MERGER & ACQUISITION WAVE IS INEVITABLE

The public company mining model is based on Mergers and Acquisitions, and simply cannot exist without it. With balance sheets now healed from the previous cycle, miner's attention will shift towards production sustainability and growth. The investment community will demand it and ultimately, the cycle repeats.

Mining is primed for consolidation at all levels, from the majors to the smallest junior. But we predict the large and mid-tier mining companies will lead the way as this group needs acquisitions to sustain their production profiles. Since being in the depletion business necessitates replenishment, it will not take much of a catalyst to spark an M&A rush.

JUNIOR EQUITIES ARE EASILY MISPRICED

The market for junior equities is rife with pricing inefficiencies, to the upside and to the downside. If it were efficient, all juniors would be perfectly priced. But sentiment, illiquidity, metal price volatility and a lack of understanding of the assets within a company often lead to mispricing. These factors are the inherent opportunity and risk when investing in juniors, and those who exercise a combination of patience and extensive due diligence can be greatly rewarded.

WHY IS OREFINDERS SO FOCUSED ON GOLD AND THE ABITIBI DISTRICT?

Our exclusive focus is on Gold Assets within the Abitibi region of Ontario & Quebec that are former producers, or have well established resources, access to infrastructure, availability of data, and exploration upside. This focus is calculated with good reason.

The Abitibi is our backyard where we have operated technically and corporately for decades, and we see greater value and clarity with a pureplay strategy. Costs are lower when operating in a single jurisdiction and provides for economies of scale when assets are proximate like those of Orefinders.

WHY GOLD?

Gold is not just a commodity; it is a currency that holds its value over time and one which all other assets are fundamentally valued against. Gold has functioned as a benchmark, a medium of exchange and a store of value for millennia and although the world evolves, gold will continue to serve this purpose. Gold is the ultimate insurance policy and as with all currencies, whether it be gold, fiat or electronic, it is based on confidence of its underlying promise, and gold has always held true.

Volatility in the gold price is usually explained by the US Dollar, the currency in which gold price is quoted. But this volatility is short term noise as gold is not only fundamental to the global economy, it forms its basis. While the US dollar is the undisputed reserve currency, many forget that the United State owns the world's largest gold reserves by a factor of 2.5X… for good reason.

WHY THE ABITIBI? *THE ABITIBI ADVANTAGE*

The Abitibi is one of the world's most prolific greenstone belts, having been mined for over 120 years. Its mineral endowment is second to none in North America and will continue to be explored and mined for centuries to come. The Abitibi hosts some of the best understood geology, has excellent infrastructure, offers an abundance of available data and is Orefinders' area of expertise in terms of geology, asset owners, and government and community relations.

ABITIBI ADVANTAGE #1: COST OF EXPLORATION AND ACCESS TO INFRASTRUCTURE

The Abitibi's ease of access and infrastructure results in low exploration, operating and capital expenditures. Most of the deposits in the Abitibi are accessible via well maintained roads. Exploration drilling in the Abitibi can be done for <$100 a metre, whereas remote drilling can cost >$1,000 per metre. If costs are 10X the alternative, then conceptually you need to find 10X the gold to make the investment comparable. *This is the Abitibi Advantage*.

ABITIBI ADVANTAGE #2: DATA AVAILABILITY

Over a century worth of mining provides a level of drilling and exploration data that is unparalleled. Orefinders capitalizes on this data and uses proprietary analytics to provide an edge in our evaluation efforts. Geology is an imperfect science at best but computing power has added to the industry's ability to discover and delineate deposits over the past decades. With the current generation of cheap computing power and sophisticated algorithms, we anticipate additional increases in performance for those who take advantage of them. Orefinders wants this extra edge. *This is the Abitibi Advantage*.

ABITIBI ADVANTAGE #3: RELIABILITY OF TECHNICAL REPORTS

Although the NI 43-101 regime is the backbone of mining's reporting system, the quality of technical reports varies greatly. Factors for this include the authorship and the underlying data used from which assumptions and interpretations have been made. A margin for error will always exist but reports which are benchmarked using real comparables will always offer superior results. With countless mines, pits and shafts in operation in the Abitibi, costs are well understood and are more accurately transcribed in technical reports. All else equal, reports from areas which are well understood are more accurate than those based on remote locations. *This is the Abitibi Advantage*.

ABITIBI ADVANTAGE #4: CANADA

Canada's mineral endowment has given rise to world-class expertise in geology, engineering, legal and financial professionals that cater to the mining industry. Its laws are entrenched, and it is safe to operate in. It is the world's leading mining jurisdiction. In an era of increased nationalization and expropriation, mining companies are looking to reduce their jurisdictional risk and return to safe countries like Canada. When the M&A

market returns, we see Canadian assets being especially prized and valued accordingly. *This is the Abitibi Advantage.*

WHERE IS THE BEST PLACE TO FIND A NEW MINE? ON AN OLD MINE.

Not just in the shadow of a headframe, but the best place to find gold is where it has already been found and mined.

We know the gold exists, its geology and metallurgy are understood and there are solid indications of the engineering costs and challenges. The Orefinders team has had success in discovering and consolidating the Cote Lake project, which was a former high grade underground mine, and is now a 10 million ounce open pit gold deposit owned by IAMGOLD. Our team is sticking with this proven model as there are countless examples of its success, including Barrick's Goldstrike, Goldcorp's Red Lake, Detour Gold, Osisko's (Agnico) Malartic, Integra's Sigma-Lamaque and others.

But these 'old mines' must show the promise of geological upside. In many instances these operations shut down for extraneous circumstances unrelated to the deposit, but it is their reinterpretation accompanied by new exploration that will yield real value. Sometimes a fresh perspective and some investment is what is required. Geology is complex and even the largest deposits can be elusive when right under your nose. Orefinders is very content acquiring projects with previous lives, provided we understand its past and have access to its data.

OREFINDERS EXISTING GOLD CAMPS: KNIGHT, MCGARRY, OMEGA, MIRADO

Orefinders currently owns three advanced stage gold projects: Mirado, Knight and McGarry Mines. Each one meets our asset criteria and are premier, advanced stage gold assets that will be the next generation of Abitibi gold mines.

1. **Knight** - a consolidation of numerous past producers with significant geological upside and potential for a multi-million ounce deposit abutting Tahoe Resources' 4 million ounce Juby gold project.
2. **McGarry** –adjacent to the Kerr-Addison Mine, which produced 12 million ounces, the McGarry itself produced in the past. McGarry has significant resources with geological upside in place; Orefinders was able to acquire this asset at a discount due to an environmental liability overhang, which Orefinders has now resolved with the Province of Ontario.
3. **Omega** – via the acquisition of +31% of Mistango River Resources shares outstanding, Orefinders has acquired a project strategically located along the Cadillac-Larder Lake Break which shares synergies with both the McGarry project

as well as Orefinders' Mirado project. Omega is a past producing mine with significant resources and geological upside.

4. **Mirado** - a near term producer with a robust PEA.

3D MODELS, PLANS & SECTIONS ALONG WITH OUR GEOLOGICAL INTERPRETATIONS AND EXPLORATION PLANS ARE AVAILABLE ON OUR CORPORATE PRESENTATION OR AT WWW.OREFINDERS.CA