

# Orefinders Discloses Potential Conflict of Interest between Mistango's CFO and Independent Auditor

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TORONTO, June 12, 2019 - [Orefinders Resources Inc.](#) ("Orefinders" or the "Company") (TSX.V: ORX) discloses that, during the course of its due diligence on [Mistango River Resources Inc.](#) ("Mistango") (MIS:CSE), it has identified concerning and unexplained issues related to Mistango's finances and its 2018 Audited Financial Statements including what may be a conflict of interest between Mistango's CFO, Carina Da Mota, and its independent auditor Kreston GTA LLP ('Kreston GTA').

Orefinders concerns are rooted in the following circumstances: On April 29, 2019, one day prior to the filing deadline for Mistango's audited Annual Financial Statements, Mistango filed on SEDAR a notice of resignation dated April 17, 2019 of its long-standing auditor, Palmer Reed, and the appointment of Kreston GTA as its new auditor. One day later, on April 30, 2019 Mistango released its 2018 Annual Financial Statements and accompanying MD&A signed off by Kreston GTA.

The potential conflict of interest arises from Mistango's CFO, Ms. Da Mota, simultaneously being employed by accounting firm Parker Simone LLP ('Parker Simone') as its Managing Director, while both Parker Simone and Kreston GTA are member firms of Kreston International Limited's network.

Orefinders raised this issue with Mistango's Board of Directors, Ms. Da Mota and Kreston GTA in a letter on May 6, 2019 and in subsequent enquiries, but has yet to receive any explanation. Orefinders is questioning how these interconnected relationships can provide Mistango's shareholders an independent and external audit. Should Mistango continue to deny any explanation, Orefinders would expect the appropriate securities regulators and professional organizations to begin an investigation.

CPA Ontario's Code of Professional Conduct Section 204.4 states, 'Serving as an officer or director of a reporting issuer or listed entity audit client. A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if a member or an employee of the firm or of a network firm serves as an officer or a director of the reporting issuer or listed entity or a related entity.'

Given the questionable interconnected relationships between Mistango and its Auditor, along with the hurried timeframe with which the audit was conducted, Orefinders demands that Mistango appoint a new, independent and arms length accounting firm for a thorough review of Mistango's finances, which could involve the need for a new independent audit of Mistango's 2018 fiscal year. Furthermore, Orefinders believes Mistango's shareholders require an appropriate clarification on this potential conflict prior to Mistango issuing any securities or agreeing to any material transactions. Orefinders cannot attest to the lawfulness of any conflict of interest and only that it deems circumstances to be unusual and had requested an explanation over a month ago from Mistango.

In addition to the above, Orefinders is concerned with the timeframe under which Mistango's audit by Kreston GTA was completed. Orefinders calls into question the accuracy or thoroughness of a new client audit being completed in less than two weeks. It would be natural to assume that a fair and comprehensive review of a new client not be reasonable within such a tight timeframe. As an example and as cited in Orefinders' news release on June 5, 2019, Mistango has not held a shareholder meeting since June 29, 2017. Mistango failed to hold its annual shareholders' meeting ("AGM") in 2018, and, in filings with Corporations Canada, Mistango misled the public and regulatory authorities by falsely stating that it held the AGM on June 19, 2018. The discovery of this fact is easily verifiable on SEDAR yet seemingly went unknown and was not disclosed in Kreston GTA's audit. Furthermore, there is a representation in the 2018 MD&A, which states that shareholder information expenses increased in 2018 "due to higher investor relations services in the year relating to the Company's annual general meeting". Given no shareholder meeting had taken place in 2018, Orefinders questions whether other misrepresentations also exist in the 2018 Annual

Filings.

### Mistango's Audit Committee

Oversight of the audit process rests with Mistango's audit committee. Orefinders has been unable to verify the precise composition of Mistango's audit committee given that Mistango has not filed a Management Information Circular in respect of its 2017 or 2018 financial years; however, recent filings do indicate Mr. Michael Demers as the Audit Committee Chair and non-recent filings also list COO Donald Kasner as a member of the audit committee. There is no information available as to who Mistango's second independent audit committee member is. Given Mistango only has two independent directors and this is the minimum requirement under the Canada Business Corporations Act, it is reasonable to assume Mr. Ilian Iliev is also a member. Given the concerns detailed above, this warrants a review of the qualifications for each of Mistango's audit committee members and their qualifications as being financially literate for the purpose of serving as part of an Audit Committee.

The Ontario Securities Commission has published a guideline for Audit Committees, defining Financial Literacy as an individual that has the "ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements." Orefinders questions the qualifications of the current members of the Audit Committee, including any education leading to a degree or credentials in a finance or accounting-related role. Note that Mr. Demers, the Chairman of the Audit Committee, holds a Bachelor of Arts in Geography, Donald Kasner's education has not been disclosed, and Ilian Iliev has a Master of Science in Geology.

### About Orefinders Resources Inc.

Orefinders is a Gold exploration and development company focused exclusively within the Abitibi Greenstone Belt. The Company is listed on the TSX Venture Exchange under the symbol ORX.

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