Red Pine Exploration Inc.

Unaudited Condensed Interim Financial Statements

For the Three-Month Period Ended October 31, 2016

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

As per National Instrument 51-102 *Continuous Disclosure Obligations* Part 4.3 *Disclosure of Auditor Review,* the auditors of Red Pine Exploration Inc. have not performed a review of these interim financial statements.

Responsibility for Financial Statements

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management and were approved by the Company's audit committee and by the Board of Directors on December 30, 2016.

Red Pine Exploration Inc.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)

	October 31, 2016	July 31, 2016
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 837, 442	$ 1,644,354
Marketable Securities (note 3)	2,500	2,500
Amounts Receivable (note 6)	143,832	108,927
Amounts Receivable from Joint Venture Partners (notes 5, 6)	637,702	230,073
Prepaid Expenses	45,986	33,798
Total Current Assets	1,667,461	2,019,652
Equipment (note 4)	33,482	14,873
Perpetual Software Licenses	40,479	-
Leasehold Improvements	13,257	-
Long-Term Rent Deposit	41,579	-
Total Assets	**$ 1,796,258**	**$ 2,034,525**
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (notes 6)	$ 297,773	$ 352,908
Deferred Flow-Through Premium (note 7)	394,600	394,600
Flow-Through Provision (note 8)	264,000	264,000
Lease Inducements (note 9)	15,922	15,922
Total Current Liabilities	972,295	1,027,430
Lease Inducements (note 9)	27,864	31,845
Rental Deposit (note 16)	17,281	17,281
Total Liabilities	1,017,440	1,076,556
Shareholder's Equity (Deficiency)		
Share Capital (note 10)	23,278,719	22,949,805
Contributed Surplus (note 11)	6,318,813	6,318,813
Warrant Reserve (note 12)	2,486,142	2,564,822
Accumulated Deficit	(31,304,857)	(30,875,471)
Total Shareholders' Equity (Deficiency)	778,817	957,969
Total Liabilities and Shareholders' Equity	**$ 1,796,258**	**$ 2,034,525**

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

Nature of operations and going concern *(note 1)*
Commitments and contingencies *(note 13)*
Subsequent Events *(note 16)*

Approved by the Board of Directors

Signed: *"Elgin Wolfe"* Signed: *"Quentin Yarie"*

Director Director

Red Pine Exploration Inc.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three-month Period ended	
	October 31, 2016	**October 31, 2015**
Expenses		
Exploration Expenditures (notes 5, 6)	703,647	409,896
Recovery of Exploration Expenditures (notes 5, 6)	(489,566)	(4,200)
Payroll & Professional Fees (notes 6, 13)	128,891	19,065
General and Administrative (notes 9, 13)	83,356	49,054
Share-Based Compensation (note 11)	-	98,910
Finance Expenses	-	13,333
Depreciation (note 4)	3,273	2,398
Interest Income	(208)	-
Total Expenses	429,601	586,702
Loss and Comprehensive Loss for the Year	(429,601)	$ (586,702)
Loss per share – basic and diluted	$ (0.00)	$ (0.01)
Weighted average shares outstanding	104,863,700	69,237,343

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

Red Pine Exploration Inc.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

	Three-Month Period Ended October 31, 2016	Three-Month Period Ended October 31, 2015
Operating Activities		
Loss for the Year	$ (429,601)	$ (586,702)
Adjustments for non-cash items:		
Amortization of Lease Inducements	(3,981)	(3,981)
Depreciation	3,273	2,398
Stock-based compensation	-	98,910
Change in working capital items:		
Amounts receivable	(37,745)	28,535
Amounts receivable from Joint-Venture Partners	(407,629)	(114,331)
Prepaid expenses	(10,235)	-
Accounts payable and accrued liabilities	(54,031)	143,399
Short-term loan interest	-	(6,667)
Net cash used in operating activities	(939,949)	(438,436)
Investing Activities		
Equipment purchases	(21,882)	-
Leasehold Improvements	(13,257)	-
Perpetual Software Licenses	(40,479)	-
Rent Deposit	(41,579)	-
Net cash provided by investing activities	(117,197)	-
Financing Activities		
Proceeds from private placement	-	745,819
Proceeds from warrant and option exercise	250,234	-
Share issue costs	-	(73,106)
Short-term loan repayments	-	(200,000)
Net cash provided by financing activities	250,234	472,713
Cash and Cash Equivalents		
Net increase (decrease) in cash and cash equivalents	(806,912)	34,277
Cash and cash equivalents - beginning of year	1,644,354	115,229
Cash and cash equivalents - end of year	$ 837,442	$ 149,506
Supplemental Disclosures:		
Interest received as cash	208	-

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

Red Pine Exploration Inc.
Statements of Changes in Shareholder's Deficiency
(Expressed in Canadian Dollars)

	Shares #	Share Capital $	Contributed Surplus $	Warrant Reserve $	Accumulated Other Comprehensive Income (Loss) $	Accumulated Deficit $	Total Shareholder's Deficiency $
Balance - July 31, 2015	**54,320,971**	**21,023,679**	**6,160,053**	**1,756,853**	**-**	**(29,381,824)**	**(441,239)**
Private Placement	14,916,372	745,819	-	-	-	-	745,819
Fair Value of Warrants Issued	-	(185,700)	-	185,700	-	-	-
Cost of Issue	-	(116,481)	-	43,375	-	-	(73,106)
Stock-Based Compensation	-	-	98,910	-	-	-	98,910
Loss for the Period	-	-	-	-	-	(586,702)	(586,702)
Balance – October 31, 2015	**69,237,343**	**21,467,316**	**6,258,963**	**1,985,928**	**-**	**(29,968,523)**	**(256,318)**
Fair Value of Warrants Issued	-	(62,889)	-	62,889	-	-	-
Private Placement	25,387,600	2,153,008	-	-	-	-	2,153,008
Fair Value of Warrants Issued	-	(337,051)	-	337,051	-	-	-
Private Placement	8,000,000	640,000	-	-	-	-	640,000
Fair Value of Warrants Issued	-	(231,076)	-	231,076	-	-	-
Cost of Issue	-	(305,400)	-	(43,375)	-	-	(348,775)
Warrants Exercised	185,000	11,750	-	-	-	-	11,750
Fair Value of Warrants Exercised	-	8,747	-	(8,747)	-	-	-
Fair Value of 2015 Flow-Through Premium	-	(175,000)	-	-	-	-	(175,000)
Fair Value of 2016 Flow-Through Premium	-	(219,600)	-	-	-	-	(219,600)
Stock-Based Compensation	-	-	59,850	-	-	-	59,850
Loss for the Year	-	-	-	-	-	(906,945)	(906,945)
Balance – July 31, 2016	**102,809,943**	**22,949,805**	**6,318,813**	**2,564,822**	**-**	**(30,875,471)**	**957,969**
Warrants Exercised	2,524,375	244,734	-	-	-	-	244,734
Fair Value of Warrants Exercised	-	78,680	-	(78,680)	-	-	-
Options Exercised	100,000	5,500	-	-	-	-	5,500
Loss for the Year	-	-	-	-	-	(429,601)	(429,601)
Balance – October 31, 2016	**105,434,318**	**23,278,719**	**6,318,813**	**2,486,142**	**-**	**(31,304,857)**	**778,817**

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

1. Nature of Operations and Going Concern

Red Pine Exploration Inc. (the "Company") was founded in 1936 under the laws of Ontario, Canada for the acquisition, exploration, and development of mining properties. The Company's head office and primary location of its registered records is 141 Adelaide Street West, Suite 520, Toronto, Ontario, M5H 3L5. The Company is currently in the exploration stage and has not commenced commercial operations.

The accompanying financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

As at October 31, 2016, the Company had a working capital surplus of $695,166 (July 31, 2016: surplus of $992,222) and an accumulated deficit of $31,304,857 (July 31, 2016: deficit of $30,875,471). These conditions cast significant doubt about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Theses financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

2. Significant Accounting Policies

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance and comply with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting principles consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The financial statements were approved by the Board of Directors on December 30, 2016.

(b) Basis of presentation

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended July 31, 2016. These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the financial statements relate to the following:

Going concern

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

Share-based compensation

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share based payment expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 11.

3. Marketable Securities

Marketable securities consist of available-for-sale securities over which the Company does not have significant influence or control.

- During the three-month period ended October 31, 2016, the Company did not complete any marketable securities transactions.

The following table sets out the changes to the marketable securities:

	Marketable Securities $
Balance – July 31, 2015	**$2,500**
New Purchases	-
Dispositions	-
Fair Value Adjustments to Other Comprehensive Income	-
Balance – October 31, 2015	**$ 2,500**
New Purchases	-
Dispositions	-
Fair Value Adjustments to Other Comprehensive Income	-
Balance – July 31, 2016	**$ 2,500**
New Purchases	-
Dispositions	-
Fair Value Adjustments to Other Comprehensive Income	-
Balance – October 31, 2016	**$ 2,500**

4. Equipment

The Company owns all-terrain vehicles and other exploration equipment that is depreciated on a straight-line basis over an estimated useful life of 3 years.

The following table sets out the changes to the carrying value of equipment:

	Equipment Cost $	Accumulated Depreciation $	Net Book Value $
Balance – July 31, 2015	27,207	(12,364)	14,843
Acquisitions	-	-	-
Net Proceeds from Dispositions	-	-	-
Depreciation	-	(2,398)	(2,398)
Balance – October 31, 2015	27,207	(14,762)	12,445
Acquisitions	10,497	-	10,497
Net Proceeds from Dispositions	-	-	-
Depreciation	-	(8,069)	(8,069)
Balance – July 31, 2016	37,704	(22,831)	14,873
Acquisitions	21,882	-	21,882
Net Proceeds from Dispositions	-	-	-
Depreciation	-	(3,273)	(3,273)
Balance – October 31, 2016	**59,586**	**(26,104)**	**33,482**

5. Mineral Properties

Revenues

During the three-month period ended October 31, 2016, the Company did not generate any revenues.

Exploration and Evaluation Expenditures

During the three-month period ended October 31, 2016:

a) The Company incurred exploration and evaluation expenditures of $700,160 on the Wawa Gold property (2015: $409,896).
b) The following represent the reimbursements from the Wawa Gold joint-venture partners for their prorated share of the exploration program, which includes exploration and evaluation expenditures, other joint expenditures and project management fees:
    a. Citabar (40% ownership): $279,633 (2015: $163,958)
    b. Augustine (30% ownership): $209,725 (2015: $122,968)
c) The Company incurred exploration and evaluation expenditures of $3,487 on other properties (2015: $nil).

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its mineral properties. The Wawa Gold property expenditures includes all amounts incurred by the joint-venture prior to any prorated allocation and reimbursement by the joint-venture partners.

	Wawa Gold Property $	**Cayenne Property $**	**Other Mineral Properties $**	**Total Exploration Properties $**
Balance – July 31, 2015	1,757,367	6,127,732	8,369,381	16,254,480
Claim Acquisition Costs	-	-	-	-
Exploration Expenditures	409,896	-	-	409,896
Balance – October 31, 2015	2,167,263	6,127,732	8,369,381	16,664,376
Claim Acquisition Costs	-	-	-	-
Exploration Expenditures	850,859	5,484	12,418	868,761
Balance – July 31, 2016	3,018,122	6,133,216	8,381,799	17,533,137
Claim Acquisition Costs	-	-	-	-
Exploration Expenditures	700,160	2,565	922	703,647
Balance – October 31, 2016	**3,718,282**	**6,135,781**	**8,382,721**	**18,236,784**

5. Mineral Properties (Continued)

The Company has ownership interests in the following exploration projects:

Wawa Gold Property
The Wawa Gold property consists of 34 unpatented mining claims and 205 patented and leased mining claims totaling 5,338 contiguous hectares located approximately 2 kilometers southeast of the Town of Wawa in Northern Ontario.

On December 11, 2014, the Company signed an assignment and assumption agreement with Augustine Ventures Inc. ("Augustine") and with Citabar Limited Partnership ("Citabar") pursuant to which the parties agreed to amend their Property Option Agreement dated April 16, 2009, to allow the Company to earn up to a 45% interest in the Wawa Gold JV under the following terms:

a) The Company was required to incur $2.1 million in eligible exploration expenditures by September 30, 2015 to earn an initial 30% interest.
b) Upon earning the 30% interest, the Company became manager of the joint-venture.
c) The Company and Augustine have the shared right to earn an additional 15% interest in the joint-venture, whereby the Company may earn its additional 7.5% interest by incurring $2 million provided a total of $4.0 million is incurred by June 30, 2016. The Company may earn a pro rata share of Augustine's additional 7.5% interest by assuming a portion of Augustine's expenditures.
d) The Company also has the right to earn a pro rata interest in any of Augustine's existing mineral properties, including any future acquisitions, within an area of influence defined as a 2-kilometre radius from the perimeter of the Wawa Gold Project by satisfying certain additional criteria.

On August 7, 2015, the Company met the conditions to earn its initial 30% interest in the underlying joint venture (the "Wawa Gold JV"), which is currently owned 30% by Augustine and 40% by Citabar, whereby the Company became the operating manager of the JV. In the fall of 2015, all 34 unpatented mining claims were transferred to a 30/30/40 shared holding to reflect the satisfied earn in agreement.

As operating manager:

a) The Company is entitled to receive project management fees from the JV partners.
b) The Company shall be reimbursed periodically by the JV partners on a pro rata basis for all exploration expenditures incurred for the benefit of the joint-venture, which are recognized as a reduction to exploration expenditures when invoiced to the JV partners.

5. Mineral Properties (Continued)

Cayenne Property

As of July 31, 2016, the Cayenne property consisted of 17 claims and 1 lease covering a total of 3,135 hectares in the Marion and Genoa Townships located approximately 110 kilometers southwest of Timmins, Ontario. The Company owns 100% of the property. On October 13, 2016, 3 of the 17 claims were allowed to lapse on their due date and an additional 8 claims were allowed to lapse on November 14, 2016.

As of December 29, 2016, the property consists of 6 claims and 1 lease covering a total of 783 hectares.

Glencore Xstrata plc ("Glencore"), the previous owner of the property, holds a 1.5% net smelter return royalty ("NSR") after recovery of all exploration costs incurred on the property by the Company, as well as a onetime buy back right (the "Buy Back Right") to reacquire up to a 50% interest, on a portion of the property that was originally optioned from Falconbridge Limited in 2005 (the "Falconbridge Claims") plus a one-kilometer area of influence around the Falconbridge claims.

On December 1, 2013, the Company signed an exploration agreement with the Flying Post First Nation ("FPFN"). The agreement permits the Company to undertake exploration activities within the respective band's traditional and customary lands in return for the following:

a) If the Company proceeds with a Preliminary Exploration Program Phase 1:
   a. The Company will issue on a one-time basis 10,000 common shares and 20,000 common share purchase warrants within 15 days of, and subject to approval of the TSX Venture Exchange ("TSXV") exchange, the execution of this agreement (issued). Each share purchase warrant will entitle the holder to purchase one non flow through share of the Company at an exercise price of the greater of $0.25 per share or the closing stock price on the day of approval by the TSXV exchange. The term of the share purchase warrants is five years from the date of issue.
   b. The Company will also contribute a one-time lump sum payment of $5,000 to the Community Fund of FPFN (paid).
b) If the Company proceeds with a Preliminary Exploration Program Phase 2:
   a. The Company will issue 10,000 common shares and 20,000 common share purchase warrants within 15 days. Each share purchase warrant will entitle the holder to purchase one common share of the Company at an exercise price of the greater of $0.25 or the closing stock price of the day and will be exercisable for a period of five years from the date of issue.
   b. The Company will contribute a one-time payment of $5,000 to the Community Fund of FPFN.
c) If the Company proceeds with Exploration Programs After Phase 1 and 2:
   a. The Company will issue 50,000 common shares and 100,000 common share purchase warrants within 15 days. Each share purchase warrant will entitle the holder to purchase one common share of the Company at an exercise price of the greater of $0.25 or the closing stock price of the day and will be exercisable for a period of five years from the date of issue.
   b. The Company will contribute a one-time payment of $5,000 to the Community Fund of FPFN.
   c. The Company will pay 2% of all Assessment Eligible Exploration Program costs incurred specifically on the project area after this agreement takes effect, to a maximum of $50,000 per agreement year. This amount is exclusive of the one-time payments of $15,000 in aggregate and negotiation costs associated with transacting any future agreements entered into.
   d. The FPFN shall appoint an elders' committee, which will be engaged for the purpose of consultation and advice. The Company will provide up to $10,000 per year to the Elders Committee as an honorarium fee for travel.

5. Mineral Properties (Continued)

Kipawa Property

The Kipawa property consists of 100 claims totaling 5886 hectares in the Gendreau, Campeau and Reclus townships of Quebec located approximately 15 kilometers east of Temiscaming. Of these claims, 32 were staked by Red Pine in the Fall of 2014 and 68 were to be acquired (100%) through a Property Purchase Agreement (the "PPA") with Fiducie Ananke (the "Vendor") signed on October 22, 2014.

The PPA was subsequently amended on April 8, 2015 whereby the Company issued 1,600,000 common shares valued at $240,000 and granted a 1% Net Smelter Return ("NSR") that can be fully repurchased by the Company for $500,000. The vendor was entitled to receive the following additional common shares if the Company completed certain financings by October 31, 2015:

a) 800,000 shares would be issued if $1,500,000 (including a minimum of $100,000 non-flow-through dollars) was raised by June 15, 2015.
b) 400,000 shares would be issued if $5,000,000 (including a minimum of $300,000 non-flow-through dollars) was raised by October 31, 2015.

During the period, the Company completed a financing that did not satisfy the conditions for the issuance of these additional shares to the vendor. All 100 claims were allowed to lapse on their expiry dates between April and November 2016.

As of November 6, 2016, the Kipawa Property has been retired.

Algoma-Talisman Property

The Company has a 100% interest in a MRO patented land package covering approximately 65 square kilometers of fee simple patented mineral rights in Coppell and Newton Townships of the Porcupine Mining Division of Northern Ontario located approximately 110 km southwest of Timmins, Ontario.

Mortimer Property

The Company has a 100% interest in a block of 12 contiguous unpatented mining claims covering approximately 2.3 square kilometers in the Dore Township approximately 110 km southwest of Timmins, Ontario. The previous owners retain NSRs ranging between 0.2% and 2% on certain claims and the Company has the option to purchase a portion of these NSRs for various cash payments as specified in the original purchase agreements.

Mount Logano Property

As of July 31, 2016, the Company held a 100% interest in 4 unpatented mining claims covering 256 hectares located approximately 11 km east of the Dome mine in Timmins, Ontario. On October 22, 2016 1 claim was allowed to lapse on its due date. The claims are subject to a 3% NSR for gold and a 2% NSR for other minerals mined in the Mt. Logano Property. The Company has the right at any time to buy back 50% of the NSR (or 1.50% NSR for gold and 1.00% NSR for all other minerals) for the sum of $3,000,000.

Moffatt Property

The Company has a 100% interest in a 4 unpatented mining claims covering 704 hectares located approximately 10 km northwest of Atikokan, Ontario.

Net Smelter Royalties

The Company retains a 1.5% Net Smelter Return ("NSR") on approximately 75 square kilometers of claims 20 km east of Goldcorp's Borden Gold project near Chapleau, Ontario. The underlying property package was sold to Probe Mines Ltd. in November 2012.

The Company retains a 2% NSR on a property consisting of 43 claims in the Wawa area of Ontario owned by Richmont Mines Inc., which has the right to repurchase the NSR for $1,500,000.

6. Related Party Transactions and Balances

Related parties as defined by IAS 24 *Related Party Disclosures* include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. Key management personnel for the Company consists of the CEO, CFO and VP Exploration.

The following transactions occurred with related parties from July 31, 2016 to October 31, 2016:

a) Key management personnel received cash compensation of $70,088 (2015: $25,295), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss, and were reimbursed travel and other expenditures of $12,977 (2015: $nil), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss.
b) A corporation controlled by the CFO received cash compensation and accounting service fees of $12,000 (2015: $nil), which has been recorded as payroll and professional fees on the Statement of Loss and Comprehensive Loss.
c) Directors and current key management personnel received nil stock options valued at $nil (2015: Directors and key management personnel received 900,000 stock options valued at $42,390).
d) A corporation under common management control contracted exploration services from the Company and was invoiced a total of $nil (2015: $126,045).
e) The Company incurred expenses for corporations under common management control for a total of $55,654 (2015: $nil).

As of October 31, 2016, the outstanding related party balances were:

a) Corporations under common management control owed $66,975 (2015: $nil) to the Company for the reimbursement of shared expenditures, which is included in amounts receivable.
b) The Company is the manager of and owns a 30% interest in a joint-venture partnership (see Note 5). The joint-venture partners owed the following net balances
    a. Citabar: $236,615 (2015: $nil)
    b. Augustine: $401,087 (2015: $195,021)

7. Deferred Premium on Flow-Through Shares

The Company completed flow-through ("F/T") share financings that involve a commitment to incur Canadian exploration expenditures ("CEEs") prior to the end of specific calendar years and to renounce the CEE tax deductions to the subscribers. Flow-through shares and exploration expenditures qualifying as CEEs are defined in the Income Tax Act of Canada.

The fair value of the tax deduction renounced to the flow-through subscribers is recognized as a deferred premium obligation on the Statement of financial position until the qualifying CEEs are incurred. After deducting the deferred premium from the gross proceeds of the financing, the residual amount is recognized as equity.

The fair value of the deferred premium is typically estimated as the difference between the sale price of the flow-through share and the fair value of the market price. Due to the thin trading volumes and volatility in the stock price, the fair value of the deferred premium was estimated using a 20% rate applied against the gross proceeds of the flow-through financing.

When the qualifying CEE's that have been incurred are reported to the CRA after the relevant CEE commitment deadline, the deferred premium will be reduced through profit and loss.

The following flow-through commitments are outstanding:

Financing Series	**2015 F/T Series**	**2016 F/T Series**
Financing Date	August 20, 2015	June 3, 2016
CEE Commitment Deadline	December 31, 2016	December 31, 2017
CEE Commitment Amount	**$ 875,789**	**$1,098,000**
Less: CEE Expenditures Incurred	$ (1,151,361)	$ -
Add: Potential F/T CEE Recoveries	$ 460,544	$ -
CEE Expenditures Remaining	**$ 184,972**	**$ 1,098,000**

The following table sets out the changes to the deferred premium with unfulfilled CEE commitments:

Financing Series	**2015 F/T Series**	**2016 F/T Series**	**Totals**
Balance - July 31, 2015	$ -	$ -	$ -
Recognition of Deferred Premium	-	-	-
Balance - October 31, 2015	$ -	$ -	$ -
Recognition of Deferred Premium	175,000	219,600	394,600
Balance - July 31, 2016	$ 175,000	$ 219,600	$ 394,600
Increase/Decrease of Deferred Premium	-	-	-
Balance - October 31, 2016	**$ 175,000**	**$ 219,600**	**$ 394,600**

8. Provision for Flow-Through Shares

There was uncertainty regarding the eligibility of certain expenditures as qualified CEEs for the 2011 F/T series with CEE commitments for the calendar year ending December 31, 2012. During the year ended July 31, 2015 the Company recorded a contingent provision of $200,000 to recognize the obligation to flow-through subscribers of the 2011 series, which was calculated using a 35% combined rate applied against the estimated CEE shortfall.

Based on the results of a CRA audit completed in March 2016 of qualified CEEs incurred during the years ended December 31, 2011 and 2012 it was determined there was a shortfall of $227,592 and $526,743 for the 2011 and 2012 F/T series respectively. As a result, the total contingent provision for the obligation to flow-through subscribers were increased by $64,000 during the year ended July 31, 2016.

The following table sets out the changes to the provision for the obligation to flow-through subscribers:

Financing Series	**2010 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2011**	**2011 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2012**	**Totals**
Balance – July 31, 2015	$ -	$ 200,000	$ 200,000
Recognition of F/T Provision	-	-	-
Increase/Decrease of F/T Provision	-	-	-
Balance – October 31, 2015	$ -	$ 200,000	$ 200,000
Recognition of F/T Provision	79,500	-	79,500
Increase/Decrease of F/T Provision	-	(15,500)	(15,500)
Balance – July 31, 2016	$ 79,500	$ 184,500	$ 264,000
Recognition of F/T Provision	-	-	-
Increase/Decrease of F/T Provision	-	-	-
Balance – October 31, 2016	**$ 79,500**	**$ 184,500**	**$ 264,000**

9. Leasehold Inducements

On November 4, 2013, the Company extended its office space lease agreement for five years from August 15, 2014 to August 14, 2019 with monthly lease payments of $17,599. As part of the renewal terms of the operating lease, the Company received leasehold inducements for the period from August 15, 2014 to May 15, 2015. The lease inducement valued at $66,343 is being amortized on a straight-line basis over the remaining term of the lease at a rate of $15,922 per year.

The following is continuity schedule for the leasehold inducement:

	Current Portion $	**Long-Term Portion $**	**Lease Inducement Balance $**
Balance – July 31, 2015	15,922	47,767	63,689
Lease Inducement Amortization	-	(3,981)	(3,981)
Balance – October 31, 2015	15,922	43,786	59,708
Lease Inducement Amortization	-	(11,942)	(11,942)
Balance – July 31, 2016	15,922	31,845	47,767
Lease Inducement Amortization	-	(3,981)	(3,981)
Balance – October 31, 2016	**15,922**	**27,864**	**43,786**

10. Share Capital

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value.

As at October 31, 2016 the Company had 105,434,318 issued and outstanding common shares (July 31, 2016: 102,809,943). All issued and outstanding common shares are fully paid.

a) Common Shares Issued for Warrants

On August 15, 2016, the Company issued 2,250,000 common shares upon the exercise of 2,250,000 common share purchase warrants at an exercise price of $0.10 for gross proceeds of $225,000.

On September 7, 2016, the Company issued 165,000 common shares upon the exercise of 165,000 common share purchase warrants at an exercise price of $0.05 for gross proceeds of $8,250.

On October 28, 2016, the Company issued 109,375 common shares upon the exercise of 109,375 common share purchase warrants at an exercise price of $0.105 for gross proceeds of $11,484.

b) Common Shares Issued for Stock Options

On September 15, 2016, the Company issued 100,000 common shares upon the exercise of 100,000 stock options at an exercise price of $0.055 for gross proceeds of $5,500.

11. Stock Options

The Company has a stock option plan (the "Plan") under which the Board of Directors of the Company may grant stock options to eligible participants including directors and officers of the Company.

The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. There is no minimum vesting period. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

All outstanding stock options vested immediately upon being granted.

The following is a continuity schedule of the stock options series outstanding from July 31, 2016 to October 31, 2016:

Expiry Date	Exercise Price	Outstanding and Exercisable July 31, 2016	Granted	Exercised	Expired or Cancelled	Outstanding and Exercisable July 31, 2016
July 10, 2018	$ 0.500	370,000	-	-	(90,000)	280,000
December 18, 2018	$ 0.500	1,103,000	-	-	(120,000)	983,000
February 25, 2020	$ 0.500	1,663,000	-	-	-	1,663,000
August 27, 2020	$ 0.055	2,100,000	-	(100,000)	-	2,000,000
April 5, 2021	$0.080	750,000	-	-	-	750,000
Total	$0.29	5,986,000	-	(100,000)	(210,000)	5,676,000

12. Warrants

The Company has issued warrants as part of equity financings and property acquisitions. The fair value of warrants is recognized upon issuance as an equity reserve until expiration, cancellation or exercise.

The following is a continuity schedule for the warrants outstanding from July 31, 2016 to October 31, 2016:

Expiry Date	Exercise Price	Outstanding July 31, 2016	Issued	Exercised	Expired or Cancelled	Outstanding October 31, 2016	Ending Fair Value
May 1, 2017	$ 0.275	635,628	-	-	-	635,628	$ 109,964
May 1, 2017	$ 0.500	7,017,900	-	-	-	7,017,900	$ 825,700
December 18, 2017	$ 0.250	6,400,000	-	-	-	6,400,000	$ 692,892
December 18, 2017	$ 0.250	640,000	-	-	-	640,000	$ 76,988
June 3, 2018	$ 0.080	1,777,132	-	-	-	1,777,132	$134,351
June 24, 2018	$ 0.105	560,000	-	(109,375)	-	450,625	$ 44,882
July 30, 2018	$ 0.050	155,965	-	-	-	155,965	$ 6,519
July 30, 2018	$ 0.100	1,499,708	-	-	-	1,499,708	$ 38,700
August 13, 2018	$ 0.050	270,982	-	-	-	270,982	$ 13,441
August 13, 2018	$ 0.100	2,208,186	-	-	-	2,208,186	$ 64,343
August 20, 2018	$ 0.050	330,000	-	(165,000)	-	165,000	$ 8,184
August 20, 2018	$ 0.100	2,750,000	-	-	-	2,750,000	$ 73,500
August 28, 201	$ 0.050	135,000	-	-	-	135,000	$ 7,290
August 28, 2018	$ 0.100	2,450,000	-	(2,250,000)	-	200,000	$ 5,298
February 17, 2019	$ 0.250	20,000	-	-	-	20,000	$ 6,090
June 3, 2019	$ 0.100	6,593,800	-	-	-	6,593,800	$ 202,700
June 24, 2019	$ 0.105	4,000,000	-	-	-	4,000,000	$ 175,300
Total	$0.20	37,444,301	-	(2,524,375)	-	34,919,926	$ 2,486,142

13. Commitments and Contingencies

(a) Lease and Sublease Commitment

On November 4, 2013, the Company extended an office space lease agreement for office space located at 141 Adelaide Street West for five years from August 15, 2014 to August 14, 2019.

The Company signed a sublease agreement with a third-party tenant whereby the Company shall to receive sublease payments of $17,281 per month for the period from March 1, 2015 to August 14, 2019. Sublease payments are recognized as a reduction of General and Administrative expenses on the Statements of Loss and Comprehensive Loss. A security deposit totalling $17,281 was received from the subtenant and is reported as a long-term liability on the Statement of Financial Position.

As of October 31, 2016, the Company was committed to annual lease payments of approximately $211,188 until August 2019 and expects to receive annual sublease payments of $207,372 until August 2019.

(c) Management Contracts

The Company is a party to a CFO management contract, which contains clauses requiring that $60,000 could be paid upon a change of control of the Company. As the likelihood of this event taking place is not determinable, such contingent payment has not been reflected in these financial statements.

The Company is a party to a CEO employment contract, which contains clauses requiring that $150,000 could be paid upon a change of control of the Company. As the likelihood of this event taking place is not determinable, such contingent payment has not been reflected in these financial statements.

14. Capital Management

As of October 31, 2016, the Company had a working capital surplus of $695,166 (July 31, 2016: surplus of $992,222).

There were no changes in the Company's approach to capital management during the period ended October 31, 2016.

In managing liquidity, the Company’s primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company’s operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company’s investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company’s mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders’ deficiency) on an ongoing basis and makes adjustments in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending.

15. Financial Instrument Risk Factors

The following disclosures are to enable users of the financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

a) Credit risk

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's accounts receivable are sales tax receivables with negligible counterparty default risk.

The amounts due from joint venture partners are subject to counterparty default risk.

b) Liquidity risk

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at October 31, 2016, the Company had a cash and cash equivalents balance of $833,442 (July 31, 2016: $1,644,354) to settle current liabilities of $972,295 (July 31, 2016: $1,027,430). As a result, the Company is currently exposed to liquidity risk.

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

c) Market risks

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit and loss. This includes:

- Interest rate risk, is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risks, particularly with respect to gold, is the sensitivity of the fair value of, or of the future cash flows, from mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets. The Company does not have any mineral assets at the development or production stage carried at historical cost. The Company has expensed the acquisition and exploration costs of its exploration stage mineral assets.
- Marketable securities risk, is the sensitivity of the fair value of marketable securities to supply and demand for particular marketable securities. The Company manages this risk by continually monitoring the market pricing and trends of its portfolio of securities to determine the appropriate timing to complete any acquisitions or dispositions. The Company has determined the marketable securities risk at year-end is minimal.
- Currency risk, is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.

16. Subsequent Events

(a) Merger with Augustine Resources Inc.

On November 14, 2016, the Company and Augustine announced a definitive arrangement agreement (the "Transaction") whereby the Company will acquire all of the outstanding securities of Augustine pursuant to the plan of arrangement provisions of the *Business Corporations Act* (Ontario). Upon completion of the Transaction, Augustine will become a wholly-owned subsidiary of Red Pine.

For purposes of the Transaction, the parties have agreed that each Augustine common share will be exchanged for 0.76 Red Pine common shares (the "Exchange Ratio"). All of the currently outstanding warrants of Augustine will be exercisable pursuant to the terms of such warrant certificates for common shares of the Company with the number of shares issuable and the exercise price adjusted based on the Exchange Ratio. All outstanding stock options of Augustine will either be exercised or cancelled prior to the effective time of the transaction. Augustine currently has 106,122,818 common shares issued and outstanding, as well as 64,218,883 common share purchase warrants (each of which is exercisable to acquire one common share of Augustine).

(b) Commercial Lease and Deposit

On December 23, 2016, the Company signed a seven (7) year commercial lease agreement for its new principal office space, which will be located at 145 Wellington West in Toronto. Annual lease payments are estimated at $104,167. Monthly lease payments will begin January 1, 2017. The Company expects to complete leasehold improvements prior to occupying the premises.

On September 15, 2016, a deposit totaling $51,385 was remitted to the landlord, which is reported as prepaid rent and as a long-term deposit on the Statement of Financial Position.