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**Red Pine Exploration Inc.**

**Unaudited Condensed Interim Consolidated Financial Statements**

For the Three-Month Period Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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**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 condensed interim consolidated financial statements.

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

	October 31, 2017	July 31, 2017
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,947,898	\$ 3,388,171
Marketable Securities	2,500	2,500
Amounts Receivable	381,963	674,250
Amounts Receivable from Joint Venture Partners (note 4, 5)	228,149	328,118
Prepaid Expenses	56,272	43,635
<b>Total Current Assets</b>	<b>2,616,782</b>	<b>4,436,674</b>
Equipment (note 3)	178,543	198,527
Perpetual Software Licenses (note 3)	32,379	34,404
Leasehold Improvements (note 3)	119,856	124,650
Long-Term Rent Deposit (note 12)	41,579	41,579
<b>Total Assets</b>	<b>\$ 2,989,139</b>	<b>\$ 4,835,834</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities (note 5)	\$ 285,167	\$ 719,889
Deferred Flow-Through Premium (note 6)	87,468	137,934
Flow-Through Provision (note 7)	138,803	264,000
Lease Inducements (note 8)	15,922	15,922
<b>Total Current Liabilities</b>	<b>527,360</b>	<b>1,137,745</b>
Lease Inducements (note 8)	11,942	15,923
Rental Deposit (note 12)	17,281	17,281
<b>Total Liabilities</b>	<b>556,583</b>	<b>1,170,949</b>
<b>Shareholder's Equity</b>		
Share Capital (note 9)	44,093,313	44,037,907
Contributed Surplus	7,642,199	7,642,199
Warrant Reserve (note 11)	8,452,646	8,462,564
Accumulated Deficit	(57,755,602)	(56,477,785)
<b>Total Shareholders' Equity</b>	<b>2,432,556</b>	<b>3,664,885</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,989,139</b>	<b>\$ 4,835,834</b>

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Nature of Operations and Going Concern** (note 1)  
**Commitments and Contingencies** (note 12)  
**Subsequent Events** (note 15)

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

	<b>Three-month period ended October 31, 2017</b>	<b>Three-month period ended October 31, 2016</b>
<b>Expenses</b>		
Exploration Expenditures (notes 4, 5)	1,654,352	703,647
General and Administrative (note 8, 12)	99,357	83,564
Payroll & Professional Fees (note 5)	97,854	128,891
Depreciation and Amortization (note 3)	24,778	3,273
Foreign Exchange Loss	91	-
Interest Income	-	(208)
Deferred Premium (note 6)	(50,466)	-
Recovery of Exploration Expenditures (notes 4,5)	(548,149)	(489,566)
<b>Total Expenses</b>	<b>1,277,817</b>	<b>429,601</b>
<b>Loss and Comprehensive Loss for the Period</b>	<b>\$(1,277,817)</b>	<b>(429,601)</b>
Loss per share – basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding	264,324,484	104,863,700

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

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

	<b>Three-Month Period Ended October 31, 2017</b>	<b>Three-Month Period Ended October 31, 2016</b>
<b>Operating Activities</b>		
<b>Loss for the Period</b>	\$ (1,277,817)	\$ (429,601)
Adjustments for non-cash items:		
Amortization of lease inducements	(3,981)	(3,981)
Amortization and depreciation	24,778	3,273
Amortization included in exploration expenditures	2,025	-
Share-based property acquisition	10,000	-
Recognition of deferred premium	(50,466)	-
Change in working capital items:		
Amounts receivable	292,287	(37,745)
Amounts receivable from joint-venture partners	99,969	(407,629)
Prepaid expenses	(12,637)	(10,235)
Accounts payable and accrued liabilities	(543,836)	(54,031)
Rent deposit	-	(41,579)
<b>Net cash used in operating activities</b>	<b>(1,459,678)</b>	<b>(981,528)</b>
<b>Investing Activities</b>		
Exploration equipment purchases	-	(21,882)
Perpetual software licenses	-	(40,479)
Leasehold improvements	-	(13,257)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(75,618)</b>
<b>Financing Activities</b>		
Proceeds from warrant and option exercise	19,405	250,234
<b>Net cash provided by financing activities</b>	<b>19,405</b>	<b>250,234</b>
<b>Cash and Cash Equivalents</b>		
Net increase in cash and cash equivalents	(1,440,273)	(806,912)
Cash and cash equivalents - beginning of period	3,388,171	1,644,354
Cash and cash equivalents - end of period	\$ 1,947,898	\$ 837,442
<b>Supplemental Disclosures:</b>		
Interest received as cash	785	208

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Red Pine Exploration Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholder's Equity (Deficiency)**  
*(Expressed in Canadian Dollars)*

	Shares #	Share Capital \$	Contributed Surplus \$	Warrant Reserve \$	Accumulated Other Comprehensive Income \$	Accumulated Deficit \$	Shareholder's Equity (Deficiency) \$
<b>Balance – July 31, 2016</b>	<b>102,809,943</b>	<b>22,949,805</b>	<b>6,318,813</b>	<b>2,564,822</b>	-	<b>(30,875,471)</b>	<b>957,969</b>
Options Exercised	100,000	5,5000	-	-	-	-	5,500
Warrants Exercised	2,524,375	244,734	-	-	-	-	244,734
Fair Value of Warrants Exercised	-	78,680	-	(78,680)	-	-	-
Loss for the Year	-	-	-	-	-	(429,601)	(429,601)
<b>Balance – October 31, 2016</b>	<b>105,434,318</b>	<b>23,278,719</b>	<b>6,318,813</b>	<b>2,486,142</b>	-	<b>(31,304,857)</b>	<b>778,817</b>
Private Placement	48,755,566	6,540,340	-	-	-	-	6,540,340
Fair Value of Warrants Issued	-	(1,310,950)	-	1,310,950	-	-	-
Fair Value of Flow-Through Premiums	-	(137,934)	-	-	-	-	(137,934)
Cost of Issue	-	(615,945)	-	-	-	-	(615,945)
Shares Issued for Acquisition of Augustine	100,668,733	14,093,623	-	-	-	-	14,093,623
Warrants Issued for Acquisition of Augustine	-	-	-	5,972,823	-	-	5,972,823
Stock Options Issued for Acquisition of Augustine	-	-	969,227	-	-	-	969,227
Options Exercised	50,000	2,750	-	-	-	-	2,750
Warrants Exercised	6,971,607	607,697	-	-	-	-	607,697
Fair Value of Warrants Exercised	-	371,687	-	(371,687)	-	-	-
Fair Value of Warrants Expired	-	935,664	-	(935,664)	-	-	-
Shares-for-Debt Settlement	2,268,802	272,256	-	-	-	-	272,256
Stock-Based Compensation	-	-	354,159	-	-	-	354,159
Loss for the Year	-	-	-	-	-	(25,172,713)	(25,172,713)
<b>Balance – July 31, 2017</b>	<b>264,149,026</b>	<b>44,037,907</b>	<b>7,642,199</b>	<b>8,462,564</b>	-	<b>(56,477,785)</b>	<b>3,664,885</b>
Shares Issued for Acquisition of Properties	100,000	10,000	-	-	-	-	10,000
Warrants Exercised	388,105	19,405	-	-	-	-	19,405
Fair Value of Warrants Exercised	-	9,918	-	(9,918)	-	-	-
Shares-for-Debt Settlement	146,209	16,083	-	-	-	-	16,083
Loss for the Year	-	-	-	-	-	(1,277,817)	(1,277,817)
<b>Balance – October 31, 2017</b>	<b>264,783,340</b>	<b>44,093,313</b>	<b>7,642,199</b>	<b>8,452,646</b>	-	<b>(57,755,602)</b>	<b>2,432,556</b>

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**1. Nature of Operations and Going Concern**

Red Pine Exploration Inc. (the "Company" or "Red Pine") 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 145 Wellington Street West, Suite 1001, Toronto, Ontario, M5J 1H8. The Company is currently in the exploration stage and has not commenced any commercial operations.

The accompanying Consolidated 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, 2017, the Company had a working capital surplus of \$2,089,422 (July 31, 2017: \$3,298,929) and an accumulated deficit of \$57,755,602 (July 31, 2017: \$56,477,785).

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. The Company is currently in the exploration stage and has not commenced commercial operations. These conditions cast significant doubt about the Company's ability to continue as a going concern.

These Consolidated 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 consolidated financial statements.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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## **2. Significant Accounting Policies**

### ***(a) Statement of compliance***

These consolidated 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 consolidated financial statements were approved by the Board of Directors on December 20, 2017.

### ***(b) Basis of presentation***

These condensed interim consolidated 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, 2017.

These condensed interim consolidated 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### ***(c) Basis of consolidation***

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Augustine Ventures Inc. All intercompany balances and transactions have been eliminated.

### ***(d) Significant accounting judgements and estimates***

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

Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and 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 consolidated financial statements relate to the following:

#### *Going concern*

The preparation of the condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company.

#### *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 along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 10.

#### *Deferred Flow-Through Premium and Flow-Through Provision Estimates*

The assumptions and calculations used for estimating the value attributed to the flow-through premiums on flow-through financings and flow-through provisions as disclosed in Notes 6 and 7.



**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**3. Equipment, Software and Leasehold Improvements**

The following table sets out the changes to the carrying value of vehicular, exploration and office equipment:

	<b>Vehicular Equipment \$</b>	<b>Exploration Equipment \$</b>	<b>Office Equipment \$</b>	<b>All Equipment \$</b>
<b>Balance – July 31, 2016</b>	<b>5,251</b>	<b>9,622</b>	-	<b>14,873</b>
Acquisitions	-	21,882	-	21,882
Depreciation	(2,398)	(875)	-	(3,273)
<b>Balance – October 31, 2016</b>	<b>2,853</b>	<b>30,629</b>	-	<b>33,482</b>
Disposition	(1,000)	-	-	(1,000)
Acquisitions	88,827	111,121	19,870	219,818
Depreciation	(22,359)	(29,995)	(1,419)	(52,773)
<b>Balance – July 31, 2017</b>	<b>68,321</b>	<b>111,755</b>	<b>18,451</b>	<b>198,527</b>
Depreciation	(7,319)	(11,955)	(710)	(19,984)
<b>Balance – October 31, 2017</b>	<b>61,002</b>	<b>99,800</b>	<b>17,741</b>	<b>178,543</b>

The following table sets out the changes to the carrying value of software licenses and leasehold improvements:

	<b>Software Licenses \$</b>	<b>Leasehold Improvements \$</b>
<b>Balance – July 31 and October 31, 2016</b>	-	-
Acquisitions	40,479	134,238
Amortization	(6,075)	(9,588)
<b>Balance – July 31, 2017</b>	<b>34,404</b>	<b>124,650</b>
Amortization	(2,025)	(4,794)
<b>Balance – October 31, 2017</b>	<b>32,379</b>	<b>119,856</b>

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

**4. Mineral Properties**

The Company has ownership interests in the several exploration projects. The Wawa Gold Project is the primary focus of exploration.

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 recovery from the joint-venture partners.

	<b>Wawa Gold Project</b>	<b>Cayenne Property</b>	<b>Other Properties</b>	<b>Total Properties</b>
	\$	\$	\$	\$
<b>Balance – July 31, 2016</b>	<b>3,018,122</b>	<b>6,133,216</b>	<b>8,381,799</b>	<b>17,533,137</b>
Exploration Expenditures	700,160	2,565	922	703,647
<b>Balance – October 31, 2016</b>	<b>3,718,282</b>	<b>6,135,781</b>	<b>8,382,721</b>	<b>18,236,784</b>
Property Acquisition Costs (note 3)	21,212,777	-	-	21,212,777
Exploration Expenditures	4,595,431	1,905	53,375	4,650,711
<b>Balance – July 31, 2017</b>	<b>29,526,490</b>	<b>6,137,686</b>	<b>8,436,096</b>	<b>44,100,272</b>
Property Acquisition Costs	35,000	-	-	35,000
Exploration Expenditures	1,619,352	-	-	1,619,352
<b>Balance – October 31, 2017</b>	<b>31,180,842</b>	<b>6,137,686</b>	<b>8,436,096</b>	<b>45,754,624</b>

During the three-month period ended October 31, 2017:

- a) The Company incurred total exploration and evaluation expenditures of \$1,619,352 on the Wawa Gold property (2016: \$700,160).
- b) The Company incurred total exploration and evaluation expenditures of \$nil on other properties (2016: \$3,487).
- c) The following table represent the amounts invoiced to the Wawa Gold joint-venture partners for their prorated share of the exploration program costs incurred during the three-month period ended October 31, 2017, which includes exploration and evaluation expenditures, joint expenditures and any project management fees. The amounts for Augustine are those that were invoiced and recovered prior to the acquisition of Augustine, which was completed on February 3, 2017.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**4. Mineral Properties (Continued)**

	Citabar	Augustine	All JV Partners
<b>Balance – July 31, 2016</b>	<b>\$ 464,465</b>	<b>\$ 348,348</b>	<b>\$ 812,813</b>
Recovery of JV Expenditures	279,633	209,725	489,358
<b>Balance – October 31, 2016</b>	<b>\$ 744,098</b>	<b>\$ 558,073</b>	<b>\$ 1,302,171</b>
Recovery of JV Expenditures	1,885,880	157,540	2,043,420
<b>Balance – July 31, 2017</b>	<b>\$ 2,629,978</b>	<b>\$ 715,613</b>	<b>\$ 3,345,591</b>
Recovery of JV Expenditures	548,149	-	548,149
<b>Balance – October 31, 2017</b>	<b>\$ 3,178,127</b>	<b>\$ 715,613</b>	<b>\$3,893,740</b>

As at October 31, 2017, a total of \$228,149 (July 31, 2017 - \$328,118) was due from the joint-venture partners.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**5. 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.

Key management personnel for the Company consists of the CEO, CFO, VP Exploration and Executive Director of Mining.

The following transactions occurred with related parties during the three-month period ended October 31, 2017:

- a) Key management personnel received the following compensation:
  - a. Cash compensation of \$37,500 (2016: \$70,088), which has been recorded in exploration expenditures on the Consolidated Statements of Loss and Comprehensive Loss.
  - b. Professional fees of \$13,500 (2016: \$12,000), which was paid to a corporation controlled by the CFO for professional services, which has been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
  - c. Professional fees of \$30,750 (2016: \$nil), which was paid to a corporation controlled by the Executive Director of Mining, which has been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.

As of October 31, 2017, the outstanding related party balances were as follows:

- a) Corporations under common management control owe the Company \$39,715 (July 31, 2017: \$32,520) for the reimbursement of shared expenditures, which has been included in amounts receivable.
- b) Former directors of wholly-owned subsidiary Augustine Ventures Inc., owe the Company \$62,166 (July 31, 2017: \$62,166), which has been included in amounts receivable.
- c) A Corporation controlled by the CFO owed \$nil (July 31, 2017: \$2,657) for the reimbursement of expenses, which has been included in amounts receivable.
- d) A Corporation controlled by the Executive Director of Mining was owed \$nil (July 31, 2017: \$11,225) for management consulting fees, which has been included in accounts payable.
- e) The Company is the manager of and owns a 60% interest in a joint-venture partnership (see Note 4). The joint-venture partner owed the following net balances to the Company, which has been included in amounts receivable from joint-venture partners:
  - a. Citabar: \$228,149 (July 31, 2017: \$328,118)

**Red Pine Exploration Inc.****Notes to Condensed Interim Consolidated financial statements***For the three-month periods ended October 31, 2017 and 2016***6. Deferred Premium on Flow-Through Shares**

The Company completes 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 Consolidated Statements of Financial Position until the qualifying CEEs are incurred. As the qualifying CEE’s are incurred, the deferred premium is reduced through profit and loss.

The following table sets out the changes to the deferred premium balances:

<b>Financing Series</b>	<b>2015 F/T Series</b>	<b>2016 F/T Series</b>	<b>2017 F/T Series</b>	<b>Total Deferred Premium</b>
<b>Balance - July 31 and October 31, 2016</b>	<b>\$ 175,000</b>	<b>\$ 219,600</b>	<b>\$ -</b>	<b>\$ 394,600</b>
Recognition of Deferred Premium	-	-	137,934	137,934
Decrease of Deferred Premium	(175,000)	(219,600)	-	(394,600)
<b>Balance - July 31, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 137,934</b>	<b>\$ 137,934</b>
Decrease of Deferred Premium	-	-	(50,466)	(50,466)
<b>Balance - October 31, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,468</b>	<b>\$ 87,468</b>

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**7. Provision for Flow-Through Shares**

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 provisions for the obligations 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:

<b>Financing Series</b>	<b>2010 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2011</b>	<b>2011 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2012</b>	<b>Total Provision</b>
<b>Balance – July 31, 2016, October 31, 2016 and July 31, 2017</b>	<b>\$ 79,500</b>	<b>\$ 184,500</b>	<b>\$ 264,000</b>
Settlements	(22,932)	(102,265)	(125,197)
<b>Balance – October 31, 2017</b>	<b>\$ 56,568</b>	<b>\$ 82,235</b>	<b>\$ 138,803</b>

The following settlement transactions occurred during the three-month period ended October 31, 2017:

- During the period, the Company completed settlement transactions whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through cash settlements. Pursuant to the settlement transactions, the Company paid \$109,114 in cash to settle total indebtedness of \$109,114.
- On October 23, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through the issuance of common shares of the Company (the “Common Shares”). Pursuant to the settlement transaction, the Company issued a total of 146,209 common shares (the “Shares”) at a deemed price of \$0.11 per Share to settle total indebtedness of \$16,083.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**8. Leasehold Inducements**

On November 4, 2013, the Company extended its office space lease agreement at 141 Adelaide Street West 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:

	<b>Current Portion</b>	<b>Long-Term Portion</b>	<b>Lease Inducement Balance</b>
	\$	\$	\$
<b>Balance – July 31, 2016</b>	<b>15,922</b>	<b>31,845</b>	<b>47,767</b>
Lease Inducement Amortization	-	(3,981)	(3,981)
<b>Balance – October 31, 2016</b>	<b>15,922</b>	<b>27,864</b>	<b>43,786</b>
Lease Inducement Amortization	-	(11,941)	(11,941)
<b>Balance – July 31, 2017</b>	<b>15,922</b>	<b>15,923</b>	<b>31,845</b>
Lease Inducement Amortization	-	(3,981)	(3,981)
<b>Balance – October 31, 2017</b>	<b>15,922</b>	<b>11,942</b>	<b>27,864</b>

## **Red Pine Exploration Inc.**

### **Notes to Condensed Interim Consolidated financial statements**

*For the three-month periods ended October 31, 2017 and 2016*

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#### **9. 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, 2017 the Company had 264,783,340 issued and outstanding common shares (July 31, 2017: 264,149,026). All issued and outstanding common shares are fully paid.

a) Common Shares Issued during the three-month period ended October 31, 2017:

- The Company issued a total of 388,105 common shares upon the exercise of 388,105 common share purchase warrants at an average exercise price of \$0.05 for gross proceeds of \$19,405.
- On August 3, 2017, the Company completed the acquisition of net smelter royalties (“NSR”) on the Wawa Gold Project whereby the Company paid \$25,000 in cash and issued 100,000 common shares.
- On October 23, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through the issuance of common shares of the Company (the “Common Shares”). Pursuant to the settlement transaction, the Company issued a total of 146,209 common shares (the “Shares”) at a deemed price of \$0.11 per Share to settle total indebtedness of \$16,083.



**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**10. 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 Board of Directors, in accordance with applicable Exchange or other regulatory requirements, if any, determines the vesting period. There is no minimum vesting period unless the optionee is engaged in Investor Relation Activities. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

All outstanding stock options vested immediately.

The following is a continuity schedule of the stock options series outstanding from July 31, 2017 to October 31, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2017</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding October 31, 2017</b>
July 10, 2018	\$ 0.500	260,000	-	-	-	260,000
December 18, 2018	\$ 0.500	685,000	-	-	-	685,000
February 25, 2020	\$ 0.500	1,360,000	-	-	-	1,360,000
August 27, 2020	\$ 0.055	1,925,000	-	-	-	1,925,000
April 5, 2021	\$ 0.080	750,000	-	-	-	750,000
April 6, 2022	\$ 0.120	3,027,000	-	-	-	3,027,000
April 11, 2022	\$ 0.120	8,284,000	-	-	-	8,284,000
<b>Total</b>	<b>\$ 0.16</b>	<b>16,291,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,291,000</b>

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
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**11. 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, 2017 to October 30, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2017</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding October 31, 2017</b>	<b>Fair Value October 31, 2017</b>
December 18, 2017	\$ 0.250	6,400,000	-	-	-	6,400,000	\$ 692,892
December 18, 2017 <sup>(a)</sup>	\$ 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	450,625	-	-	-	450,625	\$ 44,882
July 30, 2018	\$ 0.050	155,965	-	(107,965)	-	48,000	\$ 2,006
July 30, 2018	\$ 0.100	1,499,708	-	-	-	1,499,708	\$ 38,700
August 13, 2018	\$ 0.050	270,982	-	(108,982)	-	162,000	\$ 8,035
August 13, 2018	\$ 0.100	2,208,186	-	-	-	2,208,186	\$ 61,429
August 20, 2018	\$ 0.050	336,158	-	(171,158)	-	165,000	\$ 8,184
August 20, 2018	\$ 0.100	1,375,000	-	-	-	1,375,000	\$ 36,750
August 28, 2018	\$ 0.100	200,000	-	-	-	200,000	\$ 5,298
September 2, 2018 <sup>(b)</sup>	\$ 0.099	2,533,333	-	-	-	2,533,333	\$ 301,655
September 2, 2018	\$ 0.099	5,065,909	-	-	-	5,065,909	\$ 586,039
February 9, 2019 <sup>(c)</sup>	\$ 0.066	2,887,999	-	-	-	2,887,999	\$ 368,499
February 9, 2019	\$ 0.066	1,994,544	-	-	-	1,994,544	\$ 250,294
February 9, 2019	\$ 0.132	5,327,165	-	-	-	5,327,165	\$ 633,935
February 17, 2019	\$ 0.250	20,000	-	-	-	20,000	\$ 6,090
February 24, 2019	\$ 0.135	3,412,889	-	-	-	3,412,889	\$ 404,427
February 25, 2019 <sup>(c)</sup>	\$ 0.066	520,177	-	-	-	520,177	\$ 66,553
February 25, 2019	\$ 0.066	3,847,521	-	-	-	3,847,521	\$ 484,397
April 7, 2019	\$ 0.105	1,789,456	-	-	-	1,789,456	\$ 220,282
April 8, 2019	\$ 0.105	16,695,601	-	-	-	16,695,601	\$ 2,055,731
May 5, 2019	\$ 0.105	2,144,121	-	-	-	2,144,121	\$ 265,704
June 3, 2019	\$ 0.100	5,343,800	-	-	-	5,343,800	\$ 164,274
June 24, 2019	\$ 0.105	2,437,500	-	-	-	2,437,500	\$ 106,823
September 2, 2019	\$ 0.066	121,600	-	-	-	121,600	\$ 15,793
December 13, 2019	\$ 0.170	3,800,000	-	-	-	3,800,000	\$ 478,985
February 24, 2020	\$ 0.170	21,168,666	-	-	-	21,168,666	\$ 906,523
April 7, 2020	\$ 0.072	198,429	-	-	-	198,429	\$ 26,318
May 3, 2020	\$ 0.072	6,080	-	-	-	6,080	\$ 808
<b>Total</b>	<b>\$0.13</b>	<b>94,628,548</b>	<b>-</b>	<b>(388,105)</b>	<b>-</b>	<b>94,240,443</b>	<b>\$ 8,452,646</b>

- a) These broker warrants are exercisable into a unit consisting of one common share and one common share purchase warrant at an exercise price of \$0.25 expiring on December 18, 2017. The embedded common share purchase warrant is not included in the totals.
- b) These warrants are exercisable at a price of CAD\$0.099 or USD\$0.092.
- c) These warrants are exercisable at a price of CAD\$0.066 or USD\$0.059.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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**12. Commitments and Contingencies**

**(a) Lease and Sublease Commitments**

The Company has an office space lease agreement located at 141 Adelaide Street West from August 15, 2014 to August 14, 2019 and signed a sublease agreement with a third-party tenant whereby the Company shall receive sublease payments for the period from March 1, 2015 to August 14, 2019. The 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 Consolidated Statements of Financial Position. As of October 31, 2017, the Company was committed to annual lease payments for 141 Adelaide Street West of approximately \$223,020 and expects to receive annual sublease payments of \$223,020.

On December 12, 2016, the Company signed an office space lease agreement for office space located at 145 Wellington Street West for seven (7) years from January 1, 2017 to December 31, 2023. On September 15, 2016, a security deposit totaling \$41,579 was remitted to the landlord, which is reported as a long-term asset on the Consolidated Statements of Financial Position. As of October 31, 2017, the Company was committed to annual lease payments for 145 Wellington Street West of approximately \$104,544.

Future minimum payments under the Company's leases, excluding the receipt of any sublease payments, are as follows:

<b>Minimum Lease Payments</b>	<b>October 31, 2017 \$</b>	<b>July 31, 2017 \$</b>
No later than 1 year	327,564	327,564
Later than 1 year, but no later than 5 years	594,733	650,488
Later than 5 years	121,968	148,104
<b>Total</b>	<b>1,044,265</b>	<b>1,126,156</b>

**Red Pine Exploration Inc.****Notes to Condensed Interim Consolidated financial statements***For the three-month periods ended October 31, 2017 and 2016*

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**12. Commitments and Contingencies (Continued)****(b) Flow-Through Expenditure Commitments**

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 following tables sets out the flow-through expenditure commitments as of October 31, 2017:

<b>Financing Series</b>	<b>2016 F/T Red Pine Series</b>	<b>2016 F/T Augustine Series</b>	<b>2017 F/T Series</b>
Financing Date	June 3, 2016	December 12, 2016	February 24, 2017
Commitment Deadline	December 31, 2017	December 31, 2017	December 31, 2018
Commitment Amount	\$ 1,098,000	\$ 500,000	\$ 4,000,101
Less: Qualified CEEs Incurred in 2016	(98,000)	-	-
Less: Qualified CEEs Incurred in 2017	(1,000,000)	(500,000)	(1,292,452)
<b>Estimated F/T Expenditures Remaining</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,707,649</b>

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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### **13. Capital Management**

As at October 31, 2017, the Company had a working capital surplus of \$2,089,422 (July 31, 2017: \$3,298,929).

There were no changes in the Company's approach to capital management during the three-month period ended October 31, 2017.

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 adjusts in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company's capital structure may involve the issuance of new shares, assumption 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 commitments.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the three-month periods ended October 31, 2017 and 2016*

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#### **14. Financial Instrument Risk Factors**

The following disclosures are to enable users of the consolidated 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, and total \$228,149 as at October 31, 2017 (July 31, 2017 – \$328,118).

The amounts due from subtenants are subject to counterparty default risk, and total \$nil as at October 31, 2017 (July 31, 2016 - \$nil).

**b) Liquidity risk**

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

As at October 31, 2017, the Company had a cash and cash equivalents balance of \$1,947,898 (July 31, 2017: \$3,388,171) to settle current liabilities of \$527,360 (July 31, 2017: \$1,137,745). As a result, the Company is currently not 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 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.

**Red Pine Exploration Inc.**

**Notes to Condensed Interim Consolidated financial statements**

*For the three-month periods ended October 31, 2017 and 2016*

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**15. Subsequent Events**

- The Company issued a total of 1,500,000 common shares upon the exercise of 1,500,000 common share purchase warrants at an average exercise price of \$0.105 for gross proceeds of \$157,500.
- During the month of November 2017, the Company completed settlement transactions whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through cash settlements. Pursuant to the settlement transactions, the Company paid \$27,927 in cash to settle total indebtedness of \$27,927.