
Red Pine Exploration Inc.

Unaudited Condensed Interim Financial Statements

For the Nine-Month Period Ended April 30, 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 June 29, 2016.

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

	April 30, 2016	July 31, 2015
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 188,325	\$ 115,229
Marketable Securities (note 3)	2,500	2,500
Accounts Receivable	20,615	75,848
Amounts Due from Joint Venture Partners (note 5, 6)	267,787	80,690
Prepaid Expenses	6,480	-
Total Current Assets	485,707	274,267
Equipment (note 4)	18,146	14,843
Total Assets	\$ 503,852	\$ 289,110
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 171,320	\$ 259,993
Advances for Joint Venture (note 5, 6)	310,000	-
Deferred Flow-Through Premium (note 7)	175,000	-
Flow-Through Provision (note 8)	200,000	200,000
Lease Inducements (note 9)	15,922	15,922
Short-Term Loan (note 10)	300,000	206,667
Total Current Liabilities	1,172,242	682,582
Lease Inducements (note 9)	35,825	47,767
Rental Deposit	19,528	-
Total Liabilities	1,227,595	730,349
Shareholder's Equity (deficiency)		
Share Capital (note 11)	21,292,315	21,023,679
Contributed Surplus (note 12)	6,318,813	6,160,053
Warrant Reserve (note 13)	1,985,929	1,756,853
Accumulated Deficit	(30,320,799)	(29,381,824)
Total Shareholders' Deficiency	(723,743)	(441,239)
Total Liabilities and Shareholders' Deficiency	\$ 503,852	\$ 289,110

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 14)

Approved by the Board of Directors

Signed: “Elgin Wolfe”
 Director

Signed: “Quentin Yarie”
 Director

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

	Nine-Month Period Ended		Three-month Period ended	
	April 30,		April 30,	
	2016	2015	2016	2015
Revenues				
Exploration Services (notes 5, 6)	\$ 46,130	\$ -	\$ -	\$ -
Project Management Services (notes 5, 6)	4,154	-	-	-
Sale of Mineral Property (note 5)	30,000	-	-	-
Rent Income (note 14)	53,021	-	36,809	-
Total Revenues	133,305	-	36,809	-
Expenses				
Exploration Expenditures (notes 5, 6)	317,918	1,936,151	65,075	1,236,752
Payroll & Professional Fees (note 6)	260,615	104,041	39,241	53,520
General and Administrative (note 14)	314,515	204,868	119,031	72,914
Share-Based Compensation (note 12)	158,760	232,820	59,850	232,820
Finance Expenses (note 10)	13,333	-	-	-
Interest Income	(55)	(5,348)	8	(803)
Depreciation (note 4)	7,194	6,182	2,398	2,398
Total Expenses	1,072,281	2,478,714	285,603	1,597,601
Loss and Comprehensive Loss for the Period	(938,976)	(2,478,714)	(248,794)	(1,597,601)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.05)	(\$ 0.01)	\$ (0.03)
Weighted average shares outstanding	69,237,343	51,521,560	69,237,343	51,521,560

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)

	Nine-Month Period Ended	
	April 30, 2016	April 30, 2015
Operating Activities		
Loss for the Period	(938,976)	(2,478,714)
Adjustments for non-cash items:		
Amortization of Lease Inducements	(11,942)	65,505
Depreciation	7,194	6,182
Stock-based compensation	158,760	232,820
Shares issued for mineral property	-	400,000
Change in working capital items:		
Accounts receivable	(132,280)	-
Prepaid expenses	(6,480)	-
Accounts payable and accrued liabilities	(88,257)	(42,875)
Amounts due to joint venture	310,000	-
Tenant deposit	19,528	
Net cash used in operating activities	(682,453)	(1,817,082)
Investing Activities		
Equipment purchases	(10,497)	(4,500)
Related party loan	-	(15,000)
Net cash provided by investing activities	(10,497)	(19,500)
Financing Activities		
Proceeds from private placement	745,819	-
Share issue costs	(73,106)	-
Short-term loan proceeds	300,000	-
Short-term loan repayment	(206,667)	-
Net cash provided by financing activities	766,046	-
Cash and Cash Equivalents		
Net (decrease) increase in cash and cash equivalents	73,096	(1,836,582)
Cash and cash equivalents - beginning of period	115,229	1,932,480
Cash and cash equivalents - end of period	188,325	95,898
Supplemental Disclosures:		
Interest received as cash	55	5,348

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, 2014	49,921,559	20,696,725	4,105,105	3,545,403	-	(26,679,266)	1,667,967
Warrants Expired	-	-	1,833,769	(1,833,769)	-	-	-
Shares Issued for Property	1,600,000	400,000	-	-	-	-	400,000
Stock-Based Compensation	-	-	232,820	-	-	-	232,820
Loss for the Period	-	-	-	-	-	(2,478,714)	(2,478,714)
Balance - April 30, 2015	51,521,559	21,096,725	6,171,694	1,711,634	-	(29,157,980)	(177,927)
Private Placement	2,799,412	139,971	-	-	-	-	139,971
Fair Value of Warrants Issued	-	(45,219)	-	45,219	-	-	-
Shares Issued for Property	-	(160,000)	-	-	-	-	(160,000)
Cost of Issue	-	(7,798)	-	-	-	-	(7,798)
Stock-Based Compensation	-	-	(11,641)	-	-	-	(11,641)
Loss for the Period	-	-	-	-	-	(223,844)	(223,844)
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	-	(229,076)	-	229,076	-	-	-
Fair Value of Flow-Through Premium	-	(175,000)	-	-	-	-	(175,000)
Cost of Issue	-	(73,106)	-	-	-	-	(73,106)
Warrants Expired	-	-	-	-	-	-	-
Stock-Based Compensation	-	-	158,760	-	-	-	158,760
Loss for the Period	-	-	-	-	-	(938,976)	(938,976)
Balance - April 30, 2016	69,237,343	21,467,315	6,318,813	1,985,928	-	(30,320,799)	(723,743)

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

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

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 purpose of 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 accompanying condensed interim 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. The Company is currently in the exploration stage and has not commenced commercial operations.

As at April 30, 2016, the Company had a working capital deficit of \$686,535 and a shareholder's equity accumulated deficit of \$30,320,799. 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 takes into account 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.

These condensed interim 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.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

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.

(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, 2015. 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 condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim 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 and 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 condensed interim financial statements relate to the following:

Going concern

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

Red Pine Exploration Inc.**Notes to condensed interim financial statements***For the nine-month period ended April 30, 2016 and 2015*

3. Marketable Securities

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

During the nine-month period ended April 30, 2016, the Company did not complete any marketable securities transactions.

The following table sets out the changes to the marketable securities from July 31, 2015 to April 30, 2016:

	Balance July 31, 2015	Net Cost of Purchases	Net Proceeds of Dispositions	Fair Value Adjustments to OCI	Balance April 30, 2016
	\$	\$	\$	\$	\$
Marketable Securities	2,500	-	-	-	2,500

Red Pine Exploration Inc.**Notes to condensed interim financial statements***For the nine-month period ended April 30, 2016 and 2015*

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.

During the nine-month period ended April 30, 2016, the Company acquired exploration equipment for \$10,497 (2015: \$nil).

The following table sets out the changes to the carrying value of equipment from July 31, 2015 to April 30, 2016:

	Equipment Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$
Balance – July 31, 2015	66,778	(51,935)	14,843
Acquisitions	10,497	-	10,497
Net Proceeds from Dispositions	-	-	-
Derecognition Adjustment	(39,571)	39,571	-
Depreciation	-	(7,194)	(7,194)
Balance – April 30, 2016	37,704	(19,558)	18,146

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

5. Mineral Properties

Revenues

During the nine-month period ended April 30, 2016, the Company sold its 100% interest in the Costello claims block for \$30,000.

Exploration and Evaluation Expenditures

During the nine-month period ended April 30, 2016, the Company:

- a) Incurred exploration and evaluation expenditures of \$733,080 on the Wawa Gold property (2015: \$1,475,778) and \$15,752 on its other properties (2015: \$537,441).
- b) Received reimbursements from the Wawa Gold joint venture partners for their prorated share of the exploration program totalling \$430,915 (2015: \$nil).
- c) Received advances from the Wawa Gold joint venture partners for their prorated share of the exploration program totalling \$310,000 (2015: \$nil).

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its mineral properties from July 31, 2015 to April 30, 2016:

	Wawa Gold Property \$	Wawa Gold Joint Venture Reimbursements \$	Other Mineral Properties \$	All Exploration Properties \$
Balance – July 31, 2015	1,641,611	-	14,612,869	16,254,480
Claim Acquisition Costs	-	-	-	-
Exploration Expenditures	733,080	(430,915)	15,752	317,918
Balance – April 30, 2016	2,374,691	(430,915)	14,628,621	16,572,398

Wawa Gold Property

The Wawa Gold property consists of four contiguous mining claim groups totaling 5,338 hectares located approximately 2 kilometers southeast of the Town of Wawa in Northern Ontario.

On December 11, 2014, the Company entered into 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 in order 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.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

5. Mineral Properties (Continued)

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.

As operating manager:

- a) The Company is entitled to receive project management fees from the JV partners.
- b) The Company expects to 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.

Other Mineral Properties

The Company has ownership interests in the following other mineral properties:

(i) Kipawa Property

The Kipawa property consists of 68 claims totaling 4.012 hectares in the Gendreau, Campeau and Reclus townships of Quebec located approximately 15 kilometers east of Temiscaming.

On October 22, 2014, the Company signed a Property Purchase Agreement (the "PPA") with Fiducie Ananke (the "Vendor") to acquire 100% of its Kipawa Silica Property (the "Kipawa Property"). 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) 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.

(ii) Cayenne Property

The Cayenne property consists of 21 Claims and 4 patented mining units covering 41.5 square kilometers in the Marion and Genoa Townships located approximately 110 kilometers southwest of Timmins, Ontario. The Company owns 100% of the property.

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).

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

5. Mineral Properties (Continued)

- 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.

(iii) Algoma-Talisman Property

The Company has a 100% interest in patented land package covering approximately 65 square kilometres 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.

(iv) Mortimer Property

The Company has a 100% interest in 14 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.

(iv) Mount Logano Property

The Company has a 100% interest in claims block covering 33.9 square kilometers located approximately 11 km east of the Dome mine in Timmins, Ontario. 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.

(iv) Moffatt Property

The Company has a 100% interest in a claims block covering 17.8 square kilometers located approximately 10 km northwest of Atikokan, Ontario.

(iv) 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 Richmond Mines Inc., which has the right to repurchase the NSR for \$1,500,000.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

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, 2015 to April 30, 2016:

- a) Key management personnel received cash compensation of \$146,395 (2015 – \$128,350), 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 of \$21,617 (2015 – \$nil), which has been recorded as payroll and professional fees on the Statement of Loss and Comprehensive Loss.
- c) Directors and key management personnel received 1,425,000 stock options valued at \$76,928 (2015 – Nil valued).
- d) A corporation under common management control contracted exploration services from the Company and was invoiced a total of \$46,130 (2015 - \$Nil).
- e) The Company is the manager of and owns a 30% interest in a joint-venture partnership. The remaining joint-venture partners were invoiced a total of \$745,069 (2015 – \$Nil) for advances and reimbursements of exploration expenditures for the joint-venture and for project management fees.

As of April 30, 2016 the outstanding related party balances were:

- a) Amounts due from joint-venture partners, net of amounts payable, of \$248,683 (2015 - \$Nil).
- b) Amounts due to the joint-venture for advances received from joint-venture partners of \$310,000 (2015, \$Nil).

Red Pine Exploration Inc.

Notes to condensed interim financial statements

For the nine-month period ended April 30, 2016 and 2015

7. Deferred Premium on Flow-Through Shares

The Company has completed flow-through (“F/T”) share financings resulting in commitments to the subscribers to incur Canadian exploration expenditures (“CEEs”) prior to the end of specific calendar years. Flow-through shares and exploration expenditures qualifying as CEEs are defined in the Income Tax Act of Canada. The obligation to flow-through subscribers is recognized as a liability and has been calculated using a 20% rate applied against the gross proceeds of the flow-through financing. As qualifying CEE’s are incurred during the relevant commitment period, the liability is subsequently proportionally reduced until the obligation to subscribers has been fully satisfied.

The following flow-through commitments were made:

- a) The Company renounced \$875,789 on December 31, 2015 under the look-back rule and has committed to incurring \$875,789 in CEEs by December 31, 2016.

The following table sets out the changes to the deferred premium on flow-through shares with unfulfilled CEE commitments from July 31, 2015 to April 30, 2016:

Flow-Through Financing Series	CEE Commitments for the Calendar Year Ending	Deferred Premium July 31, 2015 \$	Recognition of Deferred Premium \$	Increase (Decrease) in Deferred Premium \$	Deferred Premium April 30, 2016 \$
2015 F/T Series	December 31, 2016	-	175,000	-	175,000
Totals		-	175,000	-	175,000

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

8. Provision for Flow-Through Shares

For the 2011 F/T series with CEE commitments for the calendar year ending December 31, 2012, there was uncertainty regarding the eligibility of certain expenditures as qualified CEEs. During the year ended July 31, 2015 the Company recorded a contingent provision of \$200,000 calculated using a 35% combined rate applied against the estimated CEE shortfall. Based on the preliminary results of a CRA audit completed in March 2016 of qualified CEEs incurred during the year ended December 31, 2012 the contingent provision was deemed to be sufficient and remains unchanged.

The following table sets out the changes to the provision for flow-through shares with unfulfilled CEE commitments from July 31, 2015 to April 30, 2016:

Flow-Through Financing Series	CEE Commitments for the Calendar Year Ending	Provision as of July 31, 2015 \$	Increase (Decrease) in Part XII.6 Taxes \$	Increase (Decreased) in Subscriber Liability \$	Provision as of April 30, 2016 \$
2011 F/T Series	December 31, 2012	200,000	-	-	200,000
Totals		200,000	-	-	200,000

Red Pine Exploration Inc.**Notes to condensed interim financial statements***For the nine-month period ended April 30, 2016 and 2015*

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 was classified as a financial instrument and 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 from July 31, 2015 to April 30, 2016:

	Remaining Lease Inducement \$	Current Portion \$	Long-Term Portion \$
Balance – July 31, 2015	63,689	15,922	47,767
Lease Inducement Amortization	11,942	-	11,942
Balance – April 30, 2016	51,747	15,922	35,825

Red Pine Exploration Inc.

Notes to condensed interim financial statements

For the nine-month period ended April 30, 2016 and 2015

10. Short-Term Loans

On June 24, 2015 a loan agreement was signed whereby the Company received a short-term loan of \$200,000 to support the Company with additional working capital. The loan principal was repaid in full plus interest and fees of \$20,000 of which \$6,667 had been accrued as of July 31, 2015.

On March 16, 2016 a loan agreement was signed whereby the Company received a short-term loan of \$300,000 to support the Company with additional working capital. The loan principal was subsequently repaid in full on June 14, 2016.

Red Pine Exploration Inc.

Notes to condensed interim financial statements

For the nine-month period ended April 30, 2016 and 2015

11. Share Capital

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value. As at April 30, 2016 the Company had 69,237,343 issued and outstanding common shares (July 31, 2015: 54,320,971). All issued and outstanding common shares are fully paid.

a) Common Share Financings

- On August 31, 2015, the Company closed the final tranche of a non-brokered financing with gross proceeds of \$745,818 through the issuance of 14,916,372 flow-through units at a price of \$0.05 per unit. In connection with this financing, the Company paid \$73,106 cash commissions and issued 982,140 non-transferable compensation warrants entitling the holder to acquire one common share for a price of \$0.05 per share with an expiry date of three years from date of issuance. Each flow-through unit consists of one flow-through share and one-half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$0.10 per share for a period of three years from the date of issue.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

12. 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. 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, 2015 to April 30, 2016:

Expiry Date	Exercise Price	Outstanding July 31, 2015	Granted	Expired or Cancelled	Outstanding April 30, 2016
February 18, 2016	\$ 0.500	265,000	-	(265,000)	-
March 4, 2016	\$ 0.500	729,000	-	(729,000)	-
March 4, 2016	\$ 0.600	96,000	-	(96,000)	-
July 10, 2018	\$ 0.500	380,000	-	(10,000)	370,000
December 18, 2018	\$ 0.500	1,193,000	-	(90,000)	1,103,000
February 25, 2020	\$ 0.500	1,663,000	-	-	1,663,000
August 27, 2020 (a)	\$ 0.055	-	2,100,000	-	2,100,000
April 5, 2021 (b)	\$0.080	-	750,000	-	750,000
Total	\$0.50	4,326,000	2,100,000	(1,190,000)	5,986,000

- a) The fair value of the 2,100,000 stock options granted on August 27, 2015 was estimated at \$98,910 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.74%; dividend yield - 0%; expected stock volatility - 170%; and an expected life of 5 years.
- b) The fair value of the 750,000 stock options granted on April 5, 2016 was estimated at \$59,850 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.50%; dividend yield - 0%; expected stock volatility - 270%; and an expected life of 5 years.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

13. 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 or exercise.

The following is a continuity schedule for the warrants outstanding from July 31, 2015 to April 30, 2016:

Expiry Date	Exercise Price	Outstanding July 31, 2015	Issued	Expired or Cancelled	Outstanding March 25, 2016	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	7,040,000	-	-	7,040,000	\$ 769,880
July 30, 2018	\$ 0.050	167,965	-	-	167,965	\$ 6,519
July 30, 2018	\$ 0.100	1,499,708	-	-	1,499,708	\$ 38,700
August 13, 2017 (a)	\$ 0.050	-	270,982	-	270,982	\$ 13,495
August 13, 2017 (a)	\$ 0.100	-	2,258,186	-	2,258,186	\$ 58,500
August 20, 2017 (a)	\$ 0.050	-	330,000	-	330,000	\$ 16,434
August 20, 2017 (a)	\$ 0.100	-	2,750,000	-	2,750,000	\$ 67,100
August 28, 2017 (a)	\$ 0.050	-	270,000	-	270,000	\$ 13,446
August 28, 2017 (a)	\$ 0.100	-	2,450,000	-	2,450,000	\$ 60,100
February 17, 2019	\$ 0.250	20,000	-	-	20,000	\$ 6,090
Total	\$0.50	16,381,201	8,329,168	-	24,710,369	\$ 1,985,928

- a) The relative fair value of the 8,329,168 warrants issued in connection with the private placement during August 2015 was estimated at \$229,075 using the Black-Scholes model for pricing options under the following weighted average assumptions: risk free interest rate 0.42%; dividend yield 0%; expected stock volatility 180%; and an expected life of 3 years.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

14. Commitments and Contingencies

(a) Lease and Sublease Commitments

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 of April 30, 2016, the Company was committed to annual lease payments of \$211,188 until August 2019.

During the period, the Company signed a sublease agreement with a third-party tenant whereby the Company expects to receive sublease payments of \$17,281 per month for the period from March 1, 2015 to August 14, 2019. As of April 30, 2016, the Company expects to receive annual sublease payments of \$207,372 until August 2019. A security deposit was received from the subtenant and is reported as a long-term liability on the Statement of Financial Position.

(b) Statement of Claim

The Company was named, jointly and severally with three other corporations, which are all related parties due to common management, in a Statement of Claim filed December 15, 2015 by the former Chief Financial Officer requesting damages of \$250,000 for wrongful dismissal. The outcome is indeterminable at this time and as such no provision has been recorded for the contingency.

(c) Severance

The Company reached a settlement agreement with its former CEO, whereby the Company will pay a total severance of \$45,000 through a series of payments until December 31, 2017.

(d) Management Contracts

The Company is a party to a management contract. This contract contains clauses requiring that \$48,000 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.

(e) Merger with Augustine Resources Inc.

On December 17, 2015, the Company and Augustine announced a non-binding letter of intent whereby the Company intends to acquire all of the outstanding securities of Augustine Resources Inc. Under the terms of the non-binding letter of intent, each Augustine shareholder will receive 0.8 common shares of Red Pine for each Augustine common share held.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

15. Capital Management

As of April 30, 2016, the Company had a working capital deficit of \$686,535.

There were no changes in the Company's approach to capital management during the nine-month period ended April 30, 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.

Red Pine Exploration Inc.
Notes to condensed interim financial statements
For the nine-month period ended April 30, 2016 and 2015

16. 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.

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 April 30, 2016, the Company had a cash balance of \$188,325 (July 31, 2015: \$115,229) to settle current liabilities of \$1,172,242 (July 31, 2015: \$682,582). As a result, the Company is 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.

Red Pine Exploration Inc.

Notes to condensed interim financial statements

For the nine-month period ended April 30, 2016 and 2015

17. Subsequent Events

- On June 3, 2016 the Company issued 12,200,000 flow-through shares (“FT Shares”) at a price of \$0.09 per FT Share and 13,187,600 common share units (“Common Units”) at a price of \$0.08 per Common Unit. Each FT Share was issued on a “flow-through” basis, as defined in the Income Tax Act (Canada). Each Common Unit consists of one common share and one half of one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.10 for a period of 36 months. In connection with the financing, the Company also paid cash compensation of \$150,711 and issued 1,777,132 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.08 for a period of 24 months.
- On June 24, 2016 the Company issued 8,000,000 common share units (“Common Units”) at a price of \$0.08 per Common Unit. Each Common Unit consists of one common share and one half of one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.105 for a period of 36 months. In connection with the financing, the Company also paid cash compensation of \$44,800 and issued 560,000 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.105 for a period of 24 months.