Red Pine Exploration Inc.

Audited Financial Statements

For the Years Ended July 31, 2016 and 2015

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Red Pine Exploration Inc.:

We have audited the accompanying financial statements of Red Pine Exploration Inc., which comprise the statement of financial position as at July 31, 2016 and 2015, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Red Pine Exploration Inc. as at July 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Red Pine Exploration Inc.'s ability to continue as a going concern.

MNP LLP

November 28, 2016
Mississauga, Ontario

Chartered Professional Accountants
Licensed Public Accountants

MNP

Red Pine Exploration Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	July 31, 2016	July 31, 2015
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 1,644,354	$ 115,229
Marketable Securities (note 3)	2,500	2,500
Amounts Receivable (note 6)	108,927	156,538
Amounts Receivable from Joint Venture Partners (notes 5, 6)	230,073	-
Prepaid Expenses	33,798	-
Total Current Assets	2,019,652	274,267
Equipment (note 4)	14,873	14,843
Total Assets	**$ 2,034,525**	**$ 289,110**
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (notes 8, 14)	$ 352,908	$ 259,993
Deferred Flow-Through Premium (note 7)	394,600	-
Flow-Through Provision (note 8)	264,000	200,000
Lease Inducements (note 9)	15,922	15,922
Short-Term Loan (note 10)	-	206,667
Total Current Liabilities	1,027,430	682,582
Lease Inducements (note 9)	31,845	47,767
Rental Deposit	17,281	-
Total Liabilities	1,076,556	730,349
Shareholder's Equity (Deficiency)		
Share Capital (note 11)	22,949,805	21,023,679
Contributed Surplus (note 12)	6,318,813	6,160,053
Warrant Reserve (note 13)	2,564,822	1,756,853
Accumulated Deficit	(30,875,471)	(29,381,824)
Total Shareholders' Equity (Deficiency)	957,969	(441,239)
Total Liabilities and Shareholders' Equity	**$ 2,034,525**	**$ 289,110**

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

Nature of operations and going concern *(note 1)*

Commitments and contingencies *(note 14)*

Subsequent Events *(note 18)*

Approved by the Board of Directors

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

Director Director

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

	Year Ended July 31, 2016	Year Ended July 31, 2015
Revenues		
Exploration Services (notes 5, 6)	$ 46,130	$ -
Sale of Mineral Property (note 5)	30,000	-
Total Revenues	76,130	-
Expenses		
Exploration Expenditures (notes 5, 6)	1,278,657	2,119,524
Recovery of Exploration Expenditures (notes 5, 6)	(812,813)	-
Payroll & Professional Fees (notes 6, 14)	396,139	78,506
General and Administrative (notes 8, 14)	431,168	232,102
Share-Based Compensation (note 12)	158,760	221,179
Provision (note 8)	64,000	-
Finance Expenses (note 10)	43,501	6,667
Depreciation (note 4)	10,467	8,580
Bad Debt	-	36,000
Interest Income	(102)	-
Total Expenses	1,569,777	2,702,558
Loss and Comprehensive Loss for the Year	$ (1,493,647)	$ (2,702,558)
Loss per share – basic and diluted	$ (0.02)	$ (0.06)
Weighted average shares outstanding	74,166,998	50,428,955

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

Red Pine Exploration Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended July 31, 2016	Year Ended July 31, 2015
Operating Activities		
Loss for the Year	$ (1,493,647)	$ (2,702,558)
Adjustments for non-cash items:		
Amortization of Lease Inducements	(15,922)	(2,654)
Depreciation	10,467	8,580
Stock-based compensation	158,760	221,179
Shares issued for mineral property	-	240,000
Change in working capital items:		
Amounts receivable	47,611	(33,411)
Amounts receivable from Joint-Venture Partners	(230,073)	-
Prepaid expenses	(33,798)	31,434
Accounts payable and accrued liabilities	92,914	34,496
Recognition of Lease Inducements	-	66,343
Tenant deposit	17,281	-
Short-term loan interest	(6,667)	6,667
Flow-through provision	64,000	-
Net cash used in operating activities	(1,389,074)	(2,129,924)
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	3,538,827	139,971
Proceeds from warrant exercise	11,750	-
Share issue costs	(421,881)	(7,798)
Short-term loan proceeds	300,000	200,000
Short-term loan repayments	(500,000)	-
Net cash provided by financing activities	2,928,696	332,173
Cash and Cash Equivalents		
Net increase (decrease) in cash and cash equivalents	1,529,125	(1,817,251)
Cash and cash equivalents - beginning of year	115,229	1,932,480
Cash and cash equivalents - end of year	$ 1,644,354	$ 115,229
Supplemental Disclosures:		
Interest received as cash	102	-
Shares issued for property	-	240,000

The accompanying notes are an integral part of these audited 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**
Private Placement	2,799,412	139,971	-	-	-	-	139,971
Fair Value of Warrants Issued	-	(38,700)	-	38,700	-	-	-
Cost of Issue	-	(14,317)	-	6,519	-	-	(7,798)
Warrants Expired	-	-	1,833,769	(1,833,769)	-	-	-
Shares Issued for Property	1,600,000	240,000	-	-	-	-	240,000
Stock-Based Compensation	-	-	221,179	-	-	-	221,179
Loss for the Year	-	-	-	-	-	(2,702,558)	(2,702,558)
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	-	(248,589)	-	248,589	-	-	-
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	-	(421,881)	-	-	-	-	(421,881)
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	-	-	158,760	-	-	-	158,760
Loss for the Year	-	-	-	-	-	(1,493,647)	(1,493,647)
Balance – July 31, 2016	**102,809,943**	**22,949,805**	**6,318,813**	**2,564,822**	**-**	**(30,875,471)**	**957,969**

The accompanying notes are an integral part of these audited 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 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 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 July 31, 2016, the Company had a working capital surplus of $992,222 (2015: deficit of $408,315) and an accumulated deficit of $30,875,471 (2015: deficit of $29,381,824). 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.

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 financial statements have been prepared in accordance and comply 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 financial statements were approved by the Board of Directors on November 28, 2016.

(b) Basis of presentation

These 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) 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.

Deferred taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

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 12.

2. Significant Accounting Policies (Continued)

(d) Foreign currencies

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

(e) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.
- Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment.
- Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.
- Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income / (loss) and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each financial position reporting date. Financial assets are impaired when there is objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.
- Other financial liabilities - This category includes other non-derivative accounts payables and accrued liabilities, which are recognized at amortized cost.

Financial instruments recorded at fair value in the statement of financial position are classified according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

2. Significant Accounting Policies (Continued)

The Company's financial instruments consist of the following:

Financial assets:

- Cash and cash equivalents classified as fair value through profit or loss
- Amounts receivables, excluding HST receivable, classified as loans and receivables
- Amounts receivables from Joint Venture Partners classified as loans and receivables
- Marketable securities classified as available-for-sale

Financial liabilities:

- Accounts payable and accrued liabilities classified as other financial liabilities
- Short-term loan payable classified as other financial liabilities
- Flow-through provision classified as other financial liabilities

The fair value of the Company's accounts receivable and accounts payable and accrued liabilities approximate the carrying value, which is the amount recorded on the statements of financial position. The Company's other financial instruments, cash and cash equivalents and marketable securities under the fair value hierarchy, are based on level 1 prices in active markets for identical assets or liabilities.

(f) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

(g) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations.

Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(h) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Significant Accounting Policies (Continued)

(i) Share-based payment transactions

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each period end, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are granted to non-employees and same or all goods and services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

(j) Asset retirement obligation

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, provides guidance relating to asset retirement obligations. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and charged to expenses as an exploration cost, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at July 31, 2016, the Company had no asset retirement obligations.

(k) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(l) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

(m) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is deferred and recognized as other income as the expenditure incurs, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

2. Significant Accounting Policies (Continued)

(n) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the July 31, 2016 reporting period. Management believes the following standards will not have a significant impact on the Company's financial statements:

IFRS 9 Financial Instruments ("IFRS 9") was initially issued by the IASB in November 2009 and issued in its completed version in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-statement of financial position finance leases and off- statement of financial position operating leases. Instead, there is a single, on- statement of financial position accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

3. Marketable Securities

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

- During the year ended July 31, 2016, the Company did not complete any marketable securities transactions.
- During the year ended July 31, 2015, 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, 2014	$2,500
New Purchases	-
Dispositions	-
Fair Value Adjustments to Other Comprehensive Income	-
Balance – July 31, 2015	$ 2,500
New Purchases	-
Dispositions	-
Fair Value Adjustments to Other Comprehensive Income	-
Balance – July 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.

During the year ended July 31, 2016, the Company acquired exploration equipment for $10,497 (2015: $nil).

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

	Equipment Cost $	Accumulated Depreciation $	Net Book Value $
Balance – July 31, 2014	22,707	(3,784)	18,923
Acquisitions	4,500	-	4,500
Net Proceeds from Dispositions	-	-	-
Depreciation	-	(8,580)	(8,580)
Balance – July 31, 2015	27,207	(12,364)	14,843
Acquisitions	10,497	-	10,497
Net Proceeds from Dispositions	-	-	-
Depreciation	-	(10,467)	(10,467)
Balance – July 31, 2016	**37,704**	**(22,831)**	**14,873**

5. Mineral Properties

Revenues

During the year ended July 31, 2016, the Company sold its 100% interest in the Costello claims block for $30,000.

Exploration and Evaluation Expenditures

During the year ended July 31, 2016:

a) The Company incurred exploration and evaluation expenditures of $1,260,755 on the Wawa Gold property (2015: $1,757,367).
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): $464,465 (2015: $nil)
    b. Augustine (30% ownership): $348,348 (2015: $nil)
c) The Company incurred exploration and evaluation expenditures of $17,901 on other properties (2015: $455,246).

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, 2014	-	6,034,643	8,100,313	14,134,956
Claim Acquisition Costs	-	-	240,000	240,000
Exploration Expenditures	1,757,367	93,089	29,068	1,879,524
Balance – July 31, 2015	1,757,367	6,127,732	8,369,381	16,254,480
Claim Acquisition Costs	-	-	-	-
Exploration Expenditures	1,260,755	5,484	12,418	1,278,657
Balance – July 31, 2016	**3,018,122**	**6,133,216**	**8,381,799**	**17,533,137**

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 November 25, 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, 2015 to July 31, 2016:

a) Key management personnel received cash compensation of $157,675 (2015: $140,228), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss, and were reimbursed travel and other expenditures of $21,226 (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 fees of $33,842 (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 1,325,000 stock options valued at $72,218 and former key management personnel received 400,000 stock options valued at $28,650 (2015: Directors and key management personnel received 1,002,000 stock options valued at $133,266).
d) A corporation under common management control contracted exploration services from the Company and was invoiced a total of $46,130 (2015: $Nil). The amount was paid in full.

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

a) Corporations under common management control owed $45,813 (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: $38,711 (2015: $nil)
    b. Augustine: $191,362 (2015: $nil)

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 were outstanding during the year ended July 31, 2016:

Financing Series	**2014 F/T Series**	**2015 F/T Series**	**2016 F/T Series**
Financing Date	May 1, 2014	August 20, 2015	June 3, 2016
CEE Commitment Deadline	December 31, 2015	December 31, 2016	December 31, 2017
CEE Commitment Amount	$ 2,283,545	$ 875,789	$1,098,000
CEE Expenditures Incurred	$ 2,283,545	$ 528,303	$ -
Less: CEE Expenditures Recoveries	-	$ (369,812)	$ -
CEE Expenditures Remaining	$ -	$ 717,298	$ 1,098,000

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

Financing Series	**2014 F/T Series**	**2015 F/T Series**	**2016 F/T Series**	**Total**
Deferred Premium Balance – July 31, 2014	$ -	$ -	$ -	$ -
Recognition of Deferred Premium	-	-	-	-
Increase/Decrease of Deferred Premium	-	-	-	-
Deferred Premium Balance – July 31, 2015	$ -	$ -	$ -	$ -
Recognition of Deferred Premium	-	175,000	219,600	394,600
Increase/Decrease of Deferred Premium	-	-	-	
Deferred Premium Balance – July 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 final 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. Based on the audit results, the total contingent provision for the obligation to flow-through subscribers was increased by $64,000 during the year ended July 31, 2016.

The Company included the Part XII.6 Tax associated with the shortfall of $81,317 in accounts payable and accrued liabilities.

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

Financing Series	**2010 F/T Series**	**2011 F/T Series**	**Total**
CEE Commitments to the Calendar Year Ending	December 31, 2011	December 31, 2012	
Balance – July 31, 2014	$ -	$ 200,000	$ 200,000
Recognition of F/T Provision			
Increase/Decrease of F/T Provision			
Balance – July 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**

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, 2014	-	-	-
Lease Inducement	15,922	50,421	66,343
Lease Inducement Amortization	-	(2,654)	(2,654)
Balance – July 31, 2015	15,922	47,767	63,689
Lease Inducement Amortization	-	(15,922)	(15,922)
Balance – July 31, 2016	**15,922**	**31,845**	**47,767**

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 was recognized and accrued during the year ending 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 repaid in full plus interest and fees of $30,000 on June 14, 2016.

11. Share Capital

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

As at July 31, 2016 the Company had 102,809,943 issued and outstanding common shares (July 31, 2015: 54,320,971). All issued and outstanding common shares are fully paid.

a) Common Share Financings during the prior year

On July 30, 2015, the Company closed the first tranche of its non-brokered financing for total gross proceeds of $139,971 through the issuance of 2,599,417 flow-through units and 200,000 common share units at a price of $0.05. Each flow-through unit consists of one flow-through share and one-half of one common share purchase warrant and each common share unit consists of one common share and 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 (note 13). In connection with the first tranche of the offering, the Company paid $7,798 cash commission and issued 155,965 non-transferable compensation warrants entitling the holder to acquire one common share at a price of $0.05 per share with an expiry date of three years from date of issuance.

b) Common Share Financings during the current year

On August 31, 2015, the Company closed the final tranche of a non-brokered financing with gross proceeds of $745,819 through the issuance of 14,916,372 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through share ("FT Shares") and one-half of one common share purchase warrant. Each FT Share was issued on a "flow-through" basis, as defined in the Income Tax Act (Canada). 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. In connection with this financing, the Company paid cash compensation and legal costs of $82,734 and issued 870,982 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. The flow through premium associated with this financing is $175,000 (note 7).

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, for gross proceeds of $2,153,008.. 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 and legal costs of $294,346 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. The flow through premium associated with this financing is $219,600 (note 7).

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.

c) Common Share Issued for Exploration Properties

On April 8, 2015, in connection with the Kipawa property purchase agreement, the Company issued 1,600,000 common shares valued at $240,000.

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. 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, 2015 to July 31, 2016:

Expiry Date	Exercise Price	Outstanding and Exercisable July 31, 2015	Granted	Exercised	Expired or Cancelled	Outstanding and Exercisable July 31, 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	$0.29	4,326,000	2,850,000	-	(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.

The following is a continuity schedule of the stock options series outstanding from July 31, 2014 to July 31, 2015:

Expiry Date	Exercise Price	Outstanding and Exercisable July 31, 2014	Granted	Exercised	Expired or Cancelled	Outstanding and Exercisable July 31, 2015
August 26, 2014	$ 0.500	243,000	-	-	(243,000)	-
February 18, 2016	$ 0.500	285,000	-	-	(20,000)	265,000
March 4, 2016	$ 0.500	860,000	-	-	(131,000)	729,000
March 4, 2016	$ 0.600	105,000	-	-	(9,000)	96,000
July 10, 2018	$ 0.500	400,000	-	-	(20,000)	380,000
December 18, 2018	$ 0.500	1,258,000	-	-	(65,000)	1,193,000
February 25, 2020	$ 0.500	-	1,663,000	-	-	1,663,000
Total	$0.50	3,151,000	1,663,000	-	(488,000)	4,326,000

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 July 31, 2016:

Expiry Date	Exercise Price	Outstanding July 31, 2015	Issued	Exercised	Expired or Cancelled	Outstanding July 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 (f)	$ 0.250	640,000	-	-	-	640,000	$ 76,988
June 3, 2018 (b)	$ 0.080	-	1,777,132	-	-	1,777,132	$134,351
June 24, 2018 (d)	$ 0.105	-	560,000	-	-	560,000	$ 55,776
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 (a)	$ 0.050	-	270,982	-	-	270,982	$ 13,441
August 13, 2018 (a)	$ 0.100	-	2,258,186	(50,000)	-	2,208,186	$ 64,343
August 20, 2018 (a)	$ 0.050	-	330,000	-	-	330,000	$ 16,368
August 20, 2018 (a)	$ 0.100	-	2,750,000	-	-	2,750,000	$ 73,500
August 28, 2018 (a)	$ 0.050	-	270,000	(135,000)	-	135,000	$ 7,290
August 28, 2018 (a)	$ 0.100	-	2,450,000	-	-	2,450,000	$ 64,900
February 17, 2019	$ 0.250	20,000	-	-	-	20,000	$ 6,090
June 3, 2019 (c)	$ 0.100	-	6,593,800	-	-	6,593,800	$ 202,700
June 24, 2019 (e)	$ 0.105	-	4,000,000	-	-	4,000,000	$ 175,300
Total	$0.20	16,369,201	21,260,100	(185,000)	-	37,444,301	$ 2,564,822

a) The fair value of the 8,329,168 warrants issued in connection with the private placement of August 2015 was estimated at $248,589 using a relative fair value attribution of the Black-Scholes model for pricing options using the following weighted average assumptions: risk free interest rate 0.42%; dividend yield 0%; expected stock volatility 308%; and an expected life of 3 years.

b) The fair value of the 1,777,132 broker warrants issued in connection with the private placement of June 3, 2016 was estimated at $134,351 using a relative fair value attribution of the Black-Scholes model for pricing options under the following weighted average assumptions: risk free interest rate 0.52%; dividend yield 0%; expected stock volatility 193%; and an expected life of 2 years.

c) The fair value of the 6,593,800 warrants issued in connection with the private placement of June 3, 2016 was estimated at $202,700 using a relative fair value attribution of the Black-Scholes model for pricing options under the following weighted average assumptions: risk free interest rate 0.56%; dividend yield 0%; expected stock volatility 235%; and an expected life of 3 years.

d) The fair value of the 560,000 broker warrants issued in connection with the private placement of June 24, 2016 were estimated at $55,776 using a relative fair value attribution of the Black-Scholes model for pricing options under the following weighted average assumptions: risk free interest rate 0.54%; dividend yield 0%; expected stock volatility 188%; and an expected life of 2 years.

e) The fair value of the 4,000,000 warrants issued in connection with the private placement of June 24, 2016 was estimated at $175,300 using a relative fair value attribution of the Black-Scholes model for pricing options under the following weighted average assumptions: risk free interest rate 0.55%; dividend yield 0%; expected stock volatility 236%; and an expected life of 3 years.

f) 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.

13. Warrants (Continued)

The following is a continuity schedule for the warrants outstanding from July 31, 2014 to July 31, 2015:

Expiry Date	Exercise Price	Outstanding July 31, 2014	Issued	Exercised	Expired or Cancelled	Outstanding July 31, 2015	Ending Fair Value
November 24, 2014	$ 0.750	5,301,305	-	-	(5,301,305)	-	-
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	-	155,965	-	-	155,965	$ 6,519
July 30, 2018	$ 0.100	-	1,499,708	-	-	1,499,708	$ 38,700
February 17, 2019	$ 0.250	20,000	-	-	-	20,000	$ 6,090
Total	$0.34	20,014,833	1,655,673	-	(5,301,305)	16,369,201	$ 1,756,853

14. Commitments and Contingencies

(a) Lease Commitment

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 July 31, 2016, the Company was committed to annual lease payments of $211,188 until August 2019.

(b) Sublease Commitment

During the year, the Company signed a sublease agreement with a third-party tenant for its office space 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.

As of July 31, 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.

(c) Statement of Claim

On July 30, 2016, the Company concluded a legal settlement with the Company's former Chief Financial Officer, whereby a severance of $17,900 was awarded. This amount is included in accounts payable and accrued liabilities. The Company expensed this claim to professional fees during the year ended July 31, 2016.

(d) Severance

On April 30, 2016, the Company reached a settlement agreement with its former CEO, whereby a severance of $45,000 was awarded. The Company expensed this claim to professional fees during the year ended July 31, 2016.

(e) Management Contracts

The Company is a party to a management contract, which 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.

15. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015 - 26.5%) to the effective tax rate is as follows:

	Year ended July 31, 2016 $	Year ended July 31, 2015 $
Net loss for the year before income taxes	(1,493,647)	(2,702,558)
Expected income tax (recovery) expense	(395,820)	(716,180)
Tax rate changes and other adjustments	(161,060)	(96,560)
Non-deductible expenses	42,200	83,260
Effect of flow-through renunciation	85,350	523,140
Expiry of losses not previously recognized	-	71,340
Changes in tax benefits not recognized	429,330	135,000
Income tax (recovery) expense	$ -	$ -

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Year ended July 31, 2016 $	Year ended July 31, 2015 $
Non-capital losses	5,381,590	4,246,060
Exploration expenditures	3,644,850	3,108,510
Capital losses	1,025,360	1,025,360
Share issue costs	822,790	439,860
Flow-through provision	264,000	-
Other temporary differences	69,400	95,780
Leasehold inducements	47,770	63,690
Investment tax credits	19,550	19,550
	$ 11,275,310	$ 8,998,810

15. Income Taxes (Continued)

Non-capital Losses

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2020. Investment tax credit expire from 2026 – 2031. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2026	333,810
2027	483,670
2028	606,450
2029	535,010
2030	884,460
2031	503,040
2032	229,140
2033	30,460
2034	383,370
2035	262,660
2036	1,129,520
	$ 5,381,590

16. Capital Management

As of July 31, 2016, the Company had a working capital surplus of $992,222 (2015: deficit of $408,315).

There were no changes in the Company's approach to capital management during the year ended July 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.

17. 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 July 31, 2016, the Company had a cash and cash equivalents balance of $1,644,354 (July 31, 2015: $115,229) to settle current liabilities of $1,027,430 (July 31, 2015: $682,582). As a result, the Company is not 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.

18. 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) Lease Negotiation and Deposit

Subsequent to the year-end, the Company began negotiating a lease agreement for its principal office space at a new location in Toronto and a rent deposit was made to the prospective landlord totaling $51,385.