**RED PINE EXPLORATION INC.**

**Management's Discussion and Analysis**
**For The Nine-Month Period Ended April 30, 2016**

## GENERAL

This Management's Discussion and Analysis ("**MD&A**") of Red Pine Exploration Inc. (the "**Company**" or "**Red Pine**") is intended to enable readers to view the company's performance, financial condition and future prospects through management's eyes and to provide material information to readers that may not be fully reflected in the financial statements.

This MD&A is intended to supplement and should be read in conjunction with the Audited Financial Statements and the notes thereto for the years ended July 31, 2015. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.redpineexp.com.

This MD&A is prepared as of June 29, 2016 and was approved by the Company's audit committee and by the Board of Directors on June 29, 2016.

## CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

Forward-looking information is broadly defined as disclosures regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection.

This MD&A contains forward looking statements, including statements relating to going concern and capital raising and capital requirements, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. Factors that could cause such differences include: changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations as well as numerous other risk factors. See the ***Risks and Uncertainties*** section of this MD&A for additional disclosures.

Readers are cautioned not to place undue reliance on forward looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

## QUALIFIED PERSON

Quentin Yarie, P.Geo, the Company's President and Chief Executive Officer is the Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information disclosed in this MD&A.

## CORE BUSINESS AND OBJECTIVES

The Company is incorporated under the laws of Ontario and is involved primarily in the identification, acquisition and advancement of mineral exploration properties with a particular focus on gold exploration projects located in northern Ontario. The Company does not operate any mines. The long-term objectives of the Company are to:

1. advance the geological knowledge of its mineral exploration properties
2. develop exploration targets for sampling and drilling programs; and
3. target, review and, if the exploration risk is deemed acceptable, acquire and advance additional mineral properties it considers prospective in order to augment and strengthen its portfolio of properties.

The current exploration priority is the advancement of the Wawa Gold property.

Risk factors that must be considered in connection with achieving the Company's core business objectives include the risk that exploration activities may not result in the discovery of minerals or definition of any mineral resources or reserves, that significant expenses could be incurred to define mineral reserves, and that environmental, land title and financial issues may prevent the eventual development of any mineral reserves. The Company accepts the risks inherent to mineral exploration programs and exposure to the cyclical nature of mineral prices. The Company relies on the geological and industry expertise of its Toronto-based management team and engages sub-contractors to complete certain aspects of its exploration programs.

See the ***Risks and Uncertainties*** section of this MD&A for additional risk disclosures.

## OUTLOOK

The Company is currently sampling 42,000 metres of historic core that was not sampled by previous operators. The goal of the sampling program is to fill in identified gaps in the newly discovered gold-bearing structures of the hanging wall and sections of the Jubilee Shear Zone. Discrete structures appear to be associated with gold intersections in the historic core and may lead to the definition of additional gold resources. More than 269 individual intersections associated with such discrete structures have been identified.

The work completed to date, as part of this expanded sampling program, supports the potential to define additional gold resources within the hanging wall, footwall and within the Surluga Deposit, all without drilling a single new drill hole. This approach was adopted to maximize shareholder value since it realizes significant cost savings compared to a drill program.

Recent exploration updates include the discovery of new gold mineralization zones within the Jubilee sheer zone and the hornblende shear zone (see press release dated December 18, 2015), the discovery of a new gold-bearing shear zone on surface (see press release dated January 12, 2016) and updated drill results with improved composites gold values (see press release dated June 24, 2016).

On December 17, 2015, the Company and Augustine Ventures Inc. ("Augustine") announced a non-binding letter of intent whereby the Company will acquire all of the outstanding securities of Augustine. 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. Negotiations towards a binding and definitive agreement are ongoing.

## RESULTS OF OPERATIONS

The following are explanations of the material changes for the nine-month and three-month periods ended April 30, 2016 compared to the similar periods ended April 30, 2015:

| | Nine-Month Period Ended April 30, | | Three-month Period ended April 30, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| **Revenues** | | | | |
| Exploration Services | $ 46,130 | $ - | $ - | $ - |
| Project Management Services | 4,154 | - | - | - |
| Sale of Mineral Property | 30,000 | - | - | - |
| Rent Income | 53,021 | - | 36,809 | - |
| **Total Revenues** | 133,305 | - | 36,809 | - |
| **Expenses** | | | | |
| Exploration Expenditures | 317,918 | 1,936,151 | 65,075 | 1,236,752 |
| Payroll & Professional Fees | 260,615 | 104,041 | 39,241 | 53,520 |
| General and Administrative | 314,515 | 204,868 | 119,031 | 72,914 |
| Share-Based Compensation | 158,760 | 232,820 | 59,850 | 232,820 |
| Finance Expenses | 13,333 | - | - | - |
| Interest Income | (55) | (5,348) | 8 | (803) |
| Depreciation | 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) | $ (0.01) |
| Weighted average shares outstanding | 69,237,343 | 51,521,560 | 69,237,343 | 51,521,560 |

During the period, the Company had a comprehensive loss of $938,976 (2015: $2,478,714).

The Company sold mineral claims related to the Costello property for $30,000. The Company provided exploration services to a corporation under common management control for $46,130. Rental income is from a subtenant lease at the Company's head office.

The Company incurred exploration and evaluation expenditures of $302,15 on the Wawa Gold property (2015: $1,475,778) and $15,752 on its other properties (2015: $537,441). The Company received advances and reimbursements from the Wawa Gold joint venture partners for their prorated share of the exploration program totalling $740,915 (2015: $nil) that is recorded as a reduction in exploration expenditures.

Payroll and professional fees increased compared to the previous comparative period as a result of additional cash compensation paid to the management team, payroll taxes and severance expenses. General and administrative costs increased compared to the previous comparative period as a result of an increase in investor relation activities.

## SELECTED QUARTERLY RESULTS

The following is selected quarterly information for the eight most recently completed quarters:

| | Quarter Ended | | | |
|---|---|---|---|---|
| | **April 30, 2016 $** | **January 31, 2016 $** | **October 31, 2015 $** | **July 31, 2015 $** |
| Total Revenues | 36,809 | 81,301 | - | - |
| Exploration expenditures | 65,075 | 142,947 | 109,896 | 183,373 |
| Payroll and professional fees | 39,241 | 202,310 | 19,065 | 8,366 |
| General and administrative | 119,031 | 130,219 | 49,054 | 36,457 |
| Share-based compensation | 59,850 | - | 98,910 | - |
| Loss and Comprehensive loss for the quarter | (248,794) | (397,573) | (292,607) | (223,844) |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.01) | (0.01) |
| Total Assets | 503,852 | 387,816 | 406,785 | 289,110 |
| Total Liabilities | 1,227,595 | 747,615 | 663,102 | 730,349 |
| Total Shareholders' Equity (Deficiency) | (723,743) | (359,799) | (287,817) | (441,239) |
| Cash and cash equivalents | 188,325 | 115,544 | 149,506 | 115,229 |
| Current Assets | 485,707 | 377,769 | 394,340 | 274,267 |
| Current Liabilities | 1,172,242 | 668,754 | 619,315 | 682,582 |
| Working Capital Surplus (Deficit) | (686,535) | (290,985) | (224,975) | (408,315) |

| | Quarter Ended | | | |
|---|---|---|---|---|
| | **April 30, 2015 $** | **January 31, 2015 $** | **October 31, 2014 $** | **July 31, 2014 $** |
| Total Revenues | - | - | - | - |
| Exploration expenditures | 1,236,752 | 513,273 | 186,126 | 650,859 |
| Payroll and professional fees | 53,520 | 3,583 | 46,938 | 9,135 |
| General and administrative | 36,457 | 81,447 | 50,507 | 119,325 |
| Share-based compensation | 221,179 | - | - | - |
| Loss and Comprehensive loss for the quarter | (1,597,601) | (595,650) | (285,463) | (786,049) |
| Basic and diluted loss per share | (0.03) | (0.01) | (0.01) | (0.01) |
| Total Assets | 351,400 | 1,173,994 | 1,790,293 | 2,108,464 |
| Total Liabilities | 440,497 | 387,140 | 407,789 | 440,497 |
| Total Shareholders' Equity (Deficiency) | (177,927) | 786,854 | 1,382,504 | 1,667,967 |
| Cash and cash equivalents | 95,899 | 913,028 | 1,582,529 | 1,932,480 |
| Current Assets | 334,160 | 1,158,855 | 1,773,262 | 2,089,541 |
| Current Liabilities | 463,822 | 343,470 | 385,954 | 440,497 |
| Working Capital Surplus (Deficit) | 129,662 | 815,385 | 1,387,308 | 1,649,044 |

## 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.

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.

## Mineral Properties (Continued)

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.

The principal exploration target is the Surluga gold deposit, a Precambrian-age structurally complex gold deposit hosted in the Michipicoten greenstone belt. The gold mineralization occurs in quartz veins and silica-altered fractures associated with shear zones. Surluga is is hosted within the Jubilee shear zone. From the early 1900s until 1991, several small underground mines have extracted approximately 500,000 tonnes of gold at an average grade of 8.9 grams of gold per tonne (g/t gold).

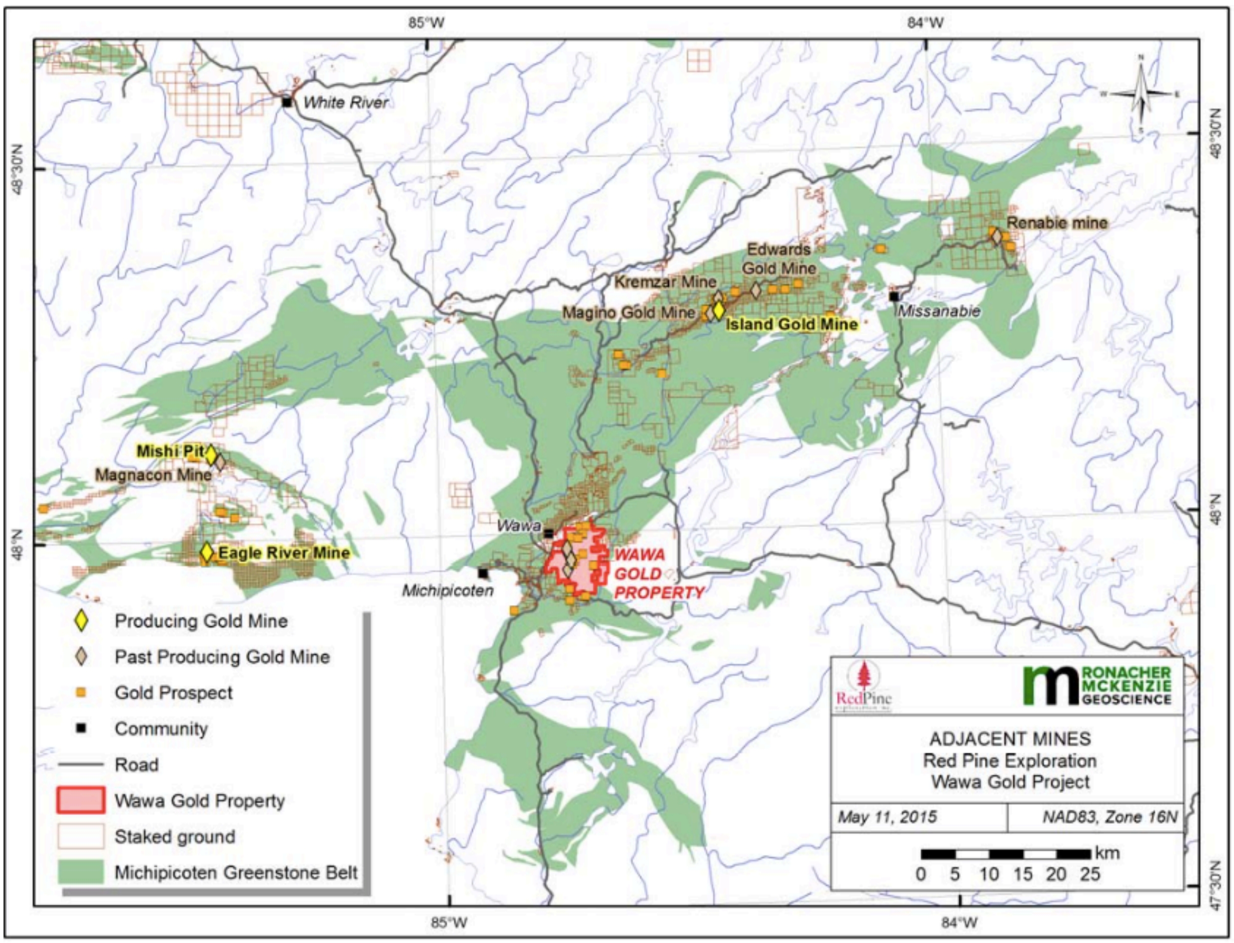


**Figure 1 – Wawa Gold Property and adjacent producing mines and exploration projects**

## Mineral Properties (Continued)

An updated NI 43-101 Technical Report was received on June 5, 2015 that defined an inferred resource estimate for the Surluga deposit of 1.088 million oz Au at an average grade of 1.71 grams per tonne within 19.824 million tonnes and using an average 0.5 g/t gold cut-off grade (see Table 1).

**Table 1. Mineral Resource Statement* for the Surluga-Jubilee Gold Deposit, Wawa Gold Project, Ontario**

| Inferred Resource** | Cut-Off Grade (g/t) | Quantity (t) | Gold Grade (g/t) | Contained Gold (oz) |
|---|---|---|---|---|
| Pit Constrained | 0.40 | 10,239,000 | 2.05 | 676,000 |
| Outside Pit Constrained | 0.40 | 8,630,000 | 1.07 | 298,000 |
| Underground | 2.50 | 955,000 | 3.73 | 114,000 |
| **Total** | **0.50** | **19,824,000** | **1.71** | **1,088,000** |

* Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Composites have been capped where appropriate.

** Open pit mineral resources are reported at a cut-off grade of 0.40 g/t gold in relation with a conceptual pit shell constructed by SRK. Underground mineral resources include classified modelled blocks below the conceptual pit shell and above a cut-off grade of 2.50 g/t gold. Cut-off grades are based on a gold price of US$1,250 per once and a gold recovery of 95 percent.

*** The Technical Report was prepared by Ronacher McKenzie Geoscience in collaboration with SRK Consulting (Canada) Inc. The mineral resource estimate has an effective date of May 26, 2015 and is based on the exploration database up to January 19, 2015 consisting of 2,007 historical boreholes totalling 126,067 meters and 26 boreholes drilled by the Company during 2014 and 2015 totalling 5,594 meters that were designed to verify and validate parts of the historical data and the position of underground excavations. The complete Technical Report is available on SEDAR and on the Company website.

### 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.

## Mineral Properties (Continued)

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 Phase 1 Preliminary Exploration Program:
   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 Phase 2 Preliminary Exploration Program:
   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 an Exploration Program After Phases 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.

## Mineral Properties (Continued)

### (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 Richmont Mines Inc., which has the right to repurchase the NSR for $1,500,000.

## LIQUIDITY AND CAPITAL MANAGEMENT

| | April 30, 2016 | July 31, 2015 |
|---|---|---|
| **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) | 267,787 | 80,690 |
| Prepaid Expenses | 6,480 | - |
| Total Current Assets | 485,707 | 274,267 |
| **Current Liabilities:** | | |
| Accounts Payable and Accrued Liabilities | $ 171,320 | $ 259,993 |
| Advances for Joint Venture (note 5) | 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 |
| **Working Capital Surplus (Deficiency)** | **$ (686,535)** | **$ (408,315)** |

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.

## 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.

### 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.

### Common Share Financings Subsequent to the Reporting Period

- 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.

## 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.

## 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.

## 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).

## OFF BALANCE SHEET TRANSACTIONS

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

## DIVIDENDS

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

***(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.

## RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

***Management***

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

***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.

***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.

***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.

**RISKS AND UNCERTAINTIES (CONTINUED)**

***Additional capital***
The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

***Environmental and permitting***
The Company's current or future operations, including development activities, are subject to environmental regulations, which may make operations not economically viable or prohibit them altogether. All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

***Acquisition***
The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

***Competition***
The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

***Political risk***
All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low.

***Business risk***
There are numerous business risks involved in the mineral exploration industry. The Company may not own 100% of a mineral concession or joint venture. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by the Company could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to properties.

***Surface Rights***
Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures as a whole. Based on their review, including a review of the compensating controls relating to the lack of segregation of duties noted above, they have concluded that the Company's internal controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective overall.

## DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

## OTHER INFORMATION

Additional information relating to the Company is also available on the SEDAR at www.sedar.com.