



## **RED PINE EXPLORATION INC.**

### **Management's Discussion and Analysis For the Nine-Month Period Ended April 30, 2017**

#### **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, 2016 and 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](http://www.sedar.com) and on the Company's website at [www.redpineexp.com](http://www.redpineexp.com).

This MD&A is prepared as of June 29, 2017.

#### **CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS**

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, including the risks and uncertainties noted within this MD&A, actual events may differ materially from stated expectations.

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 world commodity markets, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mining industry, change in governments, changes to government mining and other regulations as well as numerous other risk factors. Although the Company believes expectations reflected in its forward looking statements 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**

Red Pine is a publicly-listed corporation (TSXV: RPX) incorporated under the laws of Ontario and is engaged in the identification, acquisition, advancement and sale of mineral properties with a focus on gold exploration projects located in northern Ontario.

Red Pine's mineral properties are currently in the exploration stage. The Company does not operate any mines and does not generate any recurring revenues. The current exploration priority for the Company is the Wawa Gold Project, which the Company holds a 60% interest in the Wawa Gold Joint Venture.

Red Pine's continued operations are dependent upon the ability of the Company to obtain financing for the continued exploration of the Wawa Gold Project to determine the existence of economically recoverable mineralization and future profitable production. Red Pine has not yet determined whether the Wawa Gold Project contains mineralization that is economically recoverable.

As of April 30, 2017, Red Pine had 9 employees in addition to the President & Chief Executive Officer and the Chief Financial Officer. Certain professional, administrative and geological services are provided to the Company by independent contractors, including corporations and/or individuals who may be officers or directors of Red Pine. No assurance can be given that qualified employees can be retained by Red Pine when necessary.

The long-term business objectives of the Company are to:

1. acquire mineral properties it considers prospective to strengthen its portfolio of properties,
2. advance the geological knowledge of its mineral properties through successive exploration programs, and
3. if deemed advantageous, dispose of its mineral properties

The value of an exploration property is highly dependent upon the discovery of economically recoverable mineralization, the long-term preservation of the Company's ownership interest in the underlying mineral property, the ability of the Company to obtain the necessary funding to complete sufficient exploration activities on the property, and the prospects of any future profitable production therefrom, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis.

Risk factors that must be considered in achieving the Company's 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 required to define mineral reserves, that environmental, land title and competitive issues may prevent the development of any mineral reserves, and that the Company may fail to generate adequate funding to development mineral reserves.

The Company accepts the risks which are inherent to mineral exploration programs and the 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.

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**MD&A for the Nine-Month Period Ended April 30, 2017**

**OUTLOOK**

The Company is currently focused on the Wawa Gold project, which is situated 2 km southeast of the town of Wawa, Ontario. On February 3, 2017, the Company completed the plan of arrangement with Augustine Ventures (“Augustine”) whereby Augustine became a wholly-owned subsidiary and the Company’s ownership of the Wawa Gold project increased from 30% to 60%. Citabar LLP owns the remaining 40% of the project.

The Wawa Gold property package consists of over 5,000 hectares and hosts several former mines with a combined historic production of 120,000 oz Au at an average grade of 9.04 g/t. To date, the largest gold deposit on the property is the Surluga deposit, which hosts a NI 43-101 Inferred Resource of 1,088,000 oz Au at an average grade of 1.71 g/t using a 0.5 g/t cut-off contained within 19.82 million tonnes (*Mineral resource statement, Surluga-Jubilee Gold Deposit, Wawa Gold Project, Ontario, Ronacher Mckenzie Geoscience and SRK Consulting (Canada) Inc., May 26, 2015*).

Exploration work by Red Pine during the past 12 months has involved the ongoing sampling of 42,000 metres of historic core that was never sampled by previous operators of the project (initiated in February 2016) and the completion in March 2017 of a 6,000-metre drill program (initiated in November 2016). This drill program has been immediately followed by a new 10,000-metre drill program, which was initiated in April 2017.

The goal of these sampling and drill programs expand the footprint of the resource estimate with the expectation that it will lead to the definition of additional gold resources. Our analysis of drill core to-date has included the identification of an association between gold intersections and discrete gold-bearing structures within the hanging wall and footwall of the resource, the definition of high-grade gold mineralization within the Jubilee Shear Zone and confirmed that the resource could extend 525 metres to the north.

The Company is well positioned to fund its share of the Wawa Gold exploration program following the completion on February 24, 2017 of a brokered private placement for gross proceeds of \$6,540,240. As such, the sampling and drill programs are expected to continue throughout 2017 and will be followed by an update to the NI 43-101 resource estimate.

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**RESULTS OF OPERATIONS**

The following are explanations of the material changes for the nine and three-month periods ended April 30, 2017 compared to the nine and three-month periods ended April 30, 2016:

	Three-month period ended		Nine-month period ended	
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
<b>Revenues</b>				
Exploration Services	\$ -	\$ -	\$ -	\$ 46,130
Sale of Mineral Proper	-	-	-	30,000
<b>Total Revenues</b>	-	-	-	76,130
<b>Expenses</b>				
Exploration Expenditures	22,879,364	152,325	24,695,235	748,833
Recovery of Exploration Expenditures	(467,763)	(87,250)	(1,828,771)	(430,915)
Joint-Venture Management Fees	-	-	-	(4,154)
Payroll & Professional Fees	167,003	39,240	458,917	260,615
General and Administrative	377,615	82,223	709,161	261,495
Share-Based Compensation	354,159	59,850	354,159	158,760
Finance Expenses	-	-	-	13,333
Depreciation and Amortization	22,788	2,398	37,996	7,194
Interest Income	(10)	8	(476)	(55)
Foreign Exchange Loss	378	-	378	-
<b>Total Expenses</b>	23,333,534	248,794	24,426,599	1,015,106
<b>Loss and Comprehensive Loss for the Period</b>	(23,333,534)	\$ (248,794)	\$ (24,426,599)	\$ (938,976)
Loss per share – basic and diluted	\$ (0.10)	\$ (0.00)	\$ (0.16)	\$ (0.01)
Weighted average shares outstanding	243,531,168	69,237,343	151,989,823	69,237,343

During the nine and three-month periods ended April 30, 2017, the Company had a comprehensive loss of \$24,426,599 and \$23,333,534 (2016: \$938,976 and \$248,794).

During the nine and three-month periods ended April 30, 2017, the Company incurred total exploration and evaluation expenditures of \$24,695,235 and \$22,879,364 (2016: \$748,832 and \$152,324) and recovered \$1,828,771 and \$467,763 for the same periods (2016: \$430,915 and \$87,250) from its Wawa Gold joint-venture partners for their prorated share of exploration expenditures. Exploration expenditures increased compared to previous periods due to the acquisition on February 3, 2017 of Augustine Ventures for \$21,203,645 and from the expansion of sampling and drilling programs.

During the nine and three-month periods ended April 30, 2017, Payroll and Professional Fees increased compared to the previous year periods due to increased cash compensation paid to the management team and due to increased legal fees.

During the nine and three-month periods ended April 30, 2017, General and Administrative costs increased compared to the previous year periods due to increased transfer agent costs and investor relation activities.

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**QUARTERLY RESULTS OF OPERATIONS**

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

	<b>Quarter Ended</b>			
	<b>April 30, 2017</b>	<b>January 31, 2017</b>	<b>October 31, 2016</b>	<b>July 31, 2016</b>
	\$	\$	\$	\$
Total Revenues	-	-	-	-
Exploration expenditures net of recoveries	22,411,601	240,782	214,081	152,080
Loss and Comprehensive loss for the quarter	(23,333,534)	(663,464)	(429,601)	(554,672)
Basic and diluted loss per share	(0.10)	(0.01)	(0.00)	(0.01)
Working Capital Surplus (Deficit)	3,824,600	289,149	695,166	992,222

  

	<b>Quarter Ended</b>			
	<b>April 30, 2016</b>	<b>January 31, 2016</b>	<b>October 31, 2015</b>	<b>July 31, 2015</b>
	\$	\$	\$	\$
Total Revenues	46,130	30,000	-	-
Exploration expenditures net of recoveries	65,075	(157,053)	409,896	183,373
Loss and Comprehensive loss for the quarter	(248,794)	(177,874)	(588,456)	(223,844)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Working Capital Surplus (Deficit)	(686,535)	(290,985)	(224,975)	(408,315)

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**MINERAL PROPERTIES**

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

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

	<b>Wawa Gold Property \$</b>	<b>Cayenne Property \$</b>	<b>Other Properties \$</b>	<b>Total Properties \$</b>
<b>Balance – July 31, 2015</b>	<b>1,757,367</b>	<b>6,127,732</b>	<b>8,369,381</b>	<b>16,254,480</b>
Exploration Expenditures	617,324	-	12,418	629,742
<b>Balance – April 30, 2016</b>	<b>2,374,691</b>	<b>6,127,732</b>	<b>8,381,799</b>	<b>16,884,222</b>
Exploration Expenditures	643,431	5,484	-	648,915
<b>Balance – July 31, 2016</b>	<b>3,018,122</b>	<b>6,133,216</b>	<b>8,381,799</b>	<b>17,533,137</b>
Property Acquisition Costs	21,203,645	-	-	21,203,645
Exploration Expenditures	3,432,823	4,470	54,297	3,491,590
<b>Balance – April 30, 2017</b>	<b>\$ 27,654,590</b>	<b>\$ 6,137,686</b>	<b>\$ 8,436,096</b>	<b>\$ 42,228,372</b>

During the nine-month period ended April 30, 2017:

- a) The Company incurred total exploration and evaluation expenditures of \$3,432,645 on the Wawa Gold property (2016: \$617,324) and \$21,203,645 in the acquisition of Augustine Ventures (2016: \$nil), which resulted in an increased ownership of 30% in the Wawa Gold joint-venture.
- b) The Company incurred total exploration and evaluation expenditures of \$58,767 on other properties (2016: \$12,418).
- c) The following table represent the amounts invoiced and expected to be recovered from the Wawa Gold joint-venture partners for their prorated share of the exploration program costs, which includes exploration and evaluation expenditures, joint expenditures and project management fees. The amounts for Augustine Ventures are those that were recovered prior to the acquisition of the Company on February 3, 2017.

	<b>Citabar</b>	<b>Augustine Ventures</b>	<b>All JV Partners</b>
Exploration and Joint Expenditures	1,461,506	367,265	1,828,771
<b>Total Invoiced</b>	<b>\$ 1,461,506</b>	<b>\$ 367,265</b>	<b>\$ 1,828,771</b>

## **Mineral Properties (Continued)**

### **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 of exploration expenditures when invoiced to the JV partners.

On February 3, 2017, the Company completed a plan of arrangement whereby Augustine became a wholly-owned subsidiary resulting in an increase in the ownership to 60% of the Wawa Gold Property.

## **Mineral Properties (Continued)**

### **Cayenne Property**

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

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

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

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

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



## **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.

The Company completed a financing that did not satisfy the conditions for the issuance of these additional shares to the vendor. All 100 claims lapsed on their respective expiry dates between April and November 2016.

### **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 Richmond Mines Inc., which has the right to repurchase the NSR for \$1,500,000.

## **Related Party Transactions and Balances**

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

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

The following transactions occurred with related parties during the nine-month period ended April 30, 2017:

- a) Key management personnel received the following:
  - a. Cash compensation of \$143,325 (2016: \$146,395), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss.
  - b. Cash compensation of \$132,250 (2016: \$nil), which has been recorded in payroll and professional fees on the Statement of Loss and Comprehensive Loss.
- b) The Company paid professional fees of \$14,024 (2016: \$21,617) to a corporation controlled by the CFO for professional services including accounting, corporate secretarial and transaction support services, which has been recorded in payroll and professional fees on the Statement of Loss and Comprehensive Loss.
- c) Directors and key management personnel received 5,271,000 stock options valued at \$225,245 (2016: Directors and key management personnel received 1,425,000 stock options valued at \$76,928).
- d) The Company incurred \$20,660 (2016: \$nil) expenses for corporations under common management control, which has not been reported on the Statement of Loss and Comprehensive Loss but has but has been reported in amounts receivable on the Statement of Financial Position.
- e) The Company incurred \$76,954 (2016: \$nil) expenses paid for by corporations under common management control, which has not been reported on the Statement of Loss and Comprehensive Loss but has been reported in amounts payable on the Statement of Financial Position.
- f) A corporation under common management control contracted exploration services from the Company and was invoiced a total of \$nil (2016: \$46,130), which has been reported on the Statement of Loss and Comprehensive Loss.

As of April 30, 2017, the outstanding related party balances were as follows:

- a) Key management personnel were owed a deferred bonus of \$60,000 (April 30, 2016: \$nil) for the achievement of specific performance measures, which has been included in accounts payable and accrued liabilities.
- b) Corporations under common management control were owed \$44,974 (April 30, 2016: \$nil) for the reimbursement of shared expenditures, which has been included in amounts payable.
- c) The Company is the manager of and owns a 60% interest in a joint-venture partnership (see Note 5). The joint-venture partner owed the following net balances to the Company, which has been included in amounts receivable from joint-venture partners:
  - a. Citabar: \$600,877 (April 30, 2016: \$nil)

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**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, 2017 the Company had 261,795,780 issued and outstanding common shares (July 31, 2016: 102,809,943). All issued and outstanding common shares are fully paid.

a) Common Shares Issued during the nine-month period ended April 30, 2017:

- The Company issued a total of 150,000 common shares upon the exercise of 150,000 stock options at an average exercise price of \$0.055 for gross proceeds of \$8,250.
- The Company issued a total of 9,411,538 common shares upon the exercise of 9,411,538 common share purchase warrants at an average exercise price of \$0.09 for gross proceeds of \$852,431.
- On February 3, 2017, the Company completed the plan of arrangement relating to the acquisition of Augustine Ventures whereby the company issued 100,668,733 common shares.
- On February 24, 2017, the Company completed a brokered private placement for gross proceeds of \$6,540,340. The Company issued 21,168,666 common share units at a price of \$0.12 per unit and 27,586,900 flow-through common shares at a price of \$0.145 per share. Each common share unit consists of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.17 per purchase warrant. As part of the financing, the Company paid \$457,824 cash commissions and issued 3,412,889 non-transferable broker warrants exercisable for a period of two years at an exercise price of \$0.135 per compensation warrant.

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**STOCK OPTIONS**

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

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

All outstanding stock options vested immediately upon being granted.

The following is a continuity schedule of the stock options series outstanding from July 31, 2016 to April 30, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding and Exercisable July 31, 2016</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding and Exercisable April 30, 2017</b>
July 10, 2018	\$ 0.500	370,000	-	-	(91,000)	279,000
December 18, 2018	\$ 0.500	1,103,000	-	-	(163,000)	940,000
February 25, 2020	\$ 0.500	1,663,000	-	-	(11,000)	1,652,000
August 27, 2020	\$ 0.055	2,100,000	-	(150,000)	(25,000)	1,925,000
April 5, 2021	\$ 0.080	750,000	-	-	-	750,000
April 6, 2022 <sup>(a)</sup>	\$ 0.120	-	3,027,000	-	-	3,027,000
April 11, 2022 <sup>(b)</sup>	\$ 0.120	-	8,284,000	-	-	8,284,000
<b>Total</b>	<b>\$ 0.29</b>	<b>5,986,000</b>	<b>11,311,000</b>	<b>(150,000)</b>	<b>(290,000)</b>	<b>16,857,000</b>

- a) The fair value of the 3,027,000 stock options granted on April 6, 2017 was estimated at \$354,159 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 5 years.
- b) The fair value of the 8,284,000 stock options granted on April 11, 2017 was estimated at \$969,227 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 5 years.

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**WARRANTS**

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

The following is a continuity schedule for the warrants outstanding from July 31, 2016 to April 30, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2016</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding April 30, 2017</b>	<b>Ending Fair Value</b>
March 5, 2017	\$ 0.066	-	2,348,400	(2,348,400)	-	-	\$ -
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 <sup>(a)</sup>	\$ 0.250	640,000	-	-	-	640,000	\$ 76,988
June 3, 2018	\$ 0.080	1,777,132	-	-	-	1,777,132	\$ 134,351
June 24, 2018	\$ 0.105	560,000	-	(109,375)	-	450,625	\$ 44,882
July 30, 2018	\$ 0.050	155,965	-	-	-	155,965	\$ 6,519
July 30, 2018	\$ 0.100	1,499,708	-	-	-	1,499,708	\$ 38,700
August 13, 2018	\$ 0.050	270,982	-	-	-	270,982	\$ 13,441
August 13, 2018	\$ 0.100	2,208,186	-	-	-	2,208,186	\$ 64,343
August 20, 2018	\$ 0.050	330,000	-	(165,000)	-	165,000	\$ 8,184
August 20, 2018	\$ 0.100	2,750,000	-	(1,375,000)	-	1,375,000	\$ 36,750
August 28, 201	\$ 0.050	135,000	-	(135,000)	-	-	\$ -
August 28, 2018	\$ 0.100	2,450,000	-	(2,250,000)	-	200,000	\$ 5,298
September 2, 2018 <sup>(b)</sup>	\$ 0.099	-	2,533,333	-	-	2,533,333	\$ 301,655
September 2, 2018	\$ 0.099	-	5,065,909	-	-	5,065,909	\$ 586,039
February 9, 2019 <sup>(c)</sup>	\$ 0.066	-	2,972,444	-	-	2,972,444	\$ 379,274
February 9, 2019	\$ 0.066	-	1,994,544	-	-	1,994,544	\$ 250,294
February 9, 2019	\$ 0.132	-	5,327,165	-	-	5,327,165	\$ 633,935
February 17, 2019	\$ 0.250	20,000	-	-	-	20,000	\$ 6,090
February 24, 2019 <sup>(d)</sup>	\$ 0.135	-	3,412,889	-	-	3,412,889	\$ 404,412
February 25, 2019 <sup>(c)</sup>	\$ 0.066	-	520,177	-	-	520,177	\$ 66,553
February 25, 2019	\$ 0.066	-	4,063,784	(216,263)	-	3,847,521	\$ 484,397
April 7, 2019	\$ 0.105	-	1,789,456	-	-	1,789,456	\$ 220,282
April 8, 2019	\$ 0.105	-	16,695,601	-	-	16,695,601	\$ 2,055,731
May 5, 2019	\$ 0.105	-	2,144,121	-	-	2,144,121	\$ 265,704
June 3, 2019	\$ 0.100	6,593,800	-	(1,250,000)	-	5,343,800	\$ 164,274
June 24, 2019	\$ 0.105	4,000,000	-	(1,562,000)	-	2,437,500	\$ 106,823
September 2, 2019	\$ 0.066	-	121,600	-	-	121,600	\$ 15,793
December 13, 2019	\$ 0.170	-	3,800,000	-	-	3,800,000	\$ 478,985
February 24, 2020 <sup>(e)</sup>	\$ 0.170	-	21,168,666	-	-	21,168,666	\$ 2,694,176
April 7, 2020	\$ 0.072	-	198,429	-	-	198,429	\$ 26,318
May 3, 2020	\$ 0.072	-	6,080	-	-	6,080	\$ 808
<b>Total</b>	<b>\$0.20</b>	<b>37,444,301</b>	<b>74,162,600</b>	<b>(9,411,538)</b>	<b>-</b>	<b>102,195,363</b>	<b>\$ 11,199,555</b>

- a) These broker warrants are exercisable into a unit consisting of one common share and one common share purchase warrant at an exercise price of \$0.25 expiring on December 18, 2017. The embedded common share purchase warrant is not included in the totals.
- b) These warrants are exercisable at a price of CAD\$0.099 or USD\$0.092.
- c) These warrants are exercisable at a price of CAD\$0.066 or USD\$0.059.
- d) The fair value of the 3,412,889 warrants issued on February 24, 2017 was estimated at \$404,412 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 2 years.

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- e) The fair value of the 21,168,666 warrants issued on February 24, 2017 was estimated at \$2,694,176 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 3 years.

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**LEASE AND SUBLEASE COMMITMENTS**

The Company has an office space lease agreement located at 141 Adelaide Street West from August 15, 2014 to August 14, 2019 and signed a sublease agreement with a third-party tenant whereby the Company shall receive sublease payments for the period from March 1, 2015 to August 14, 2019. The sublease payments are recognized as a reduction of General and Administrative expenses on the Statements of Loss and Comprehensive Loss. A security deposit totalling \$17,281 was received from the subtenant and is reported as a long-term liability on the Statement of Financial Position.

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

As of April 30, 2017, the Company was committed to annual lease payments for 141 Adelaide Street West of approximately \$223,020 and expects to receive annual sublease payments of \$223,020. As of April 30, 2017, the Company was committed to annual lease payments for 145 Wellington Street West of approximately \$104,544.

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

<b>Minimum Lease Payments</b>	<b>April 30, 2017</b>	<b>July 31, 2016</b>
	<b>\$</b>	<b>\$</b>
No later than 1 year	327,564	211,188
Later than 1 year, but no later than 5 years	679,857	325,230
<b>Total</b>	<b>1,007,421</b>	<b>536,418</b>

**FLOW-THROUGH EXPENDITURE COMMITMENTS**

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

The following tables sets out the changes to the flow-through expenditure commitments:

<b>Financing Series</b>	<b>2015 F/T Series</b>	<b>2016 F/T Series</b>	<b>2017 F/T Series</b>
Financing Date	August 20, 2015	June 3, 2016	February 24, 2017
Commitment Deadline	December 31, 2016	December 31, 2017	December 31, 2018
Commitment Amount	\$ 875,789	\$ 1,098,000	\$ 4,000,101
Less: Expenditures Incurred in 2016	(875,789)	(98,000)	-
Less: Expenditures Incurred in 2017	-	(1,000,000)	(210,000)
<b>Estimated F/T Expenditures Remaining</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,790,101</b>

**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.

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**MD&A for the Nine-Month Period Ended April 30, 2017**

**DIVIDENDS**

The Company has neither declared nor paid any dividends on its Common Shares. The Company 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.



**LIQUIDITY AND CAPITAL MANAGEMENT**

	<b>April 30, 2017</b>	<b>July 31, 2016</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 4,790,207	\$ 1,644,354
Marketable Securities	2,500	2,500
Amounts Receivable	383,511	108,927
Amounts Receivable from Joint Venture Partners	600,877	230,073
Prepaid Expenses	47,591	33,798
<b>Total Current Assets</b>	<b>5,824,686</b>	<b>2,019,652</b>
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 830,492	\$ 352,908
Deferred Flow-Through Premium	889,672	394,600
Flow-Through Provision	264,000	264,000
Lease Inducements	15,922	15,922
<b>Total Current Liabilities</b>	<b>2,000,086</b>	<b>1,027,430</b>
<b>Working Capital</b>	<b>\$ 3,824,600</b>	<b>\$ 992,222</b>

As of April 30, 2017, the Company had a working capital surplus of \$3,824,600 (July 31, 2016: surplus of \$992,222).

There were no changes in the Company's approach to capital management during the period ended April 30, 2017.

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

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

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

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

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and 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.

## **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.

The amounts due from subtenants are subject to counterparty default risk.

### ***b) Liquidity risk***

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

As at April 30, 2017, the Company had a cash and cash equivalents balance of \$4,790,207 (July 31, 2016: \$1,644,354) to settle current liabilities of \$2,000,086 (July 31, 2016: \$1,027,430). As a result, the Company is currently not exposed to liquidity risk.

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

### ***c) Market risks***

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

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

## **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 deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company's current credit risk is primarily attributable to cash and accounts recoverable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. Accounts receivable is due from the federal government of Canada. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal and remote.

### ***Liquidity risk***

The Company's ability to remain liquid over the long term depends on its ability to obtain financing necessary to complete exploration and development of its mineral properties and their future profitable production or, alternatively, upon the Corporation's ability to dispose of its interest on an advantageous basis.

### ***Currency risk***

The Company has no foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure.

### ***Interest rate risk***

The Company's cash balance is subject to changes in interest rates. Interest rate risk is minimal.

### ***Tax risk***

The Company has commitments to incur Canadian Exploration Expenditures. Any shortfall could result in tax penalties assessed by the Canada Revenue Agency.

### ***Equity price risk***

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. Except for marketable securities, the Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities and due to related party) are not subject to price risk.

### ***Commodity price risk***

The Company is exposed to price risk with respect to gold and other commodity prices, such prices impacting the future economic feasibility of its exploration properties. The Company closely monitors gold and other commodity prices to determine the appropriate course of action to be taken by the Company.

### ***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.

**RISKS AND UNCERTAINTIES (CONTINUED)**

***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 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 the Company's mineral 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.

## **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.

The financial statements were approved by the Board of Directors on June 29, 2017.

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

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

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

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

Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

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

#### *Going concern*

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

#### *Share-based compensation*

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

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

The assumptions and calculations used for estimating the fair values of the flow-through premiums and flow-through provisions as disclosed in Notes 7 and 8.

**OTHER INFORMATION**

Additional information relating to the Company is also available on the SEDAR at [www.sedar.com](http://www.sedar.com).