



**RED PINE EXPLORATION INC.**  
145 Wellington Street West, Suite 1001  
Toronto, ON, M5J 1H8

**Management's Discussion and Analysis  
For the Three and Nine-Month Periods Ended April 30, 2018**

**(Expressed in Canadian Dollars)**

**Red Pine Exploration Inc.**  
**MD&A for the Nine-Month Period Ended April 30, 2018**

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**INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") of Red Pine Exploration Inc. (the "Company", "Red Pine", "we" or "our") 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 Consolidated Financial Statements and the notes thereto for the year ended July 31, 2017. 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 our company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company website at [www.redpineexp.com](http://www.redpineexp.com).

This MD&A is dated and the information contained herein is presented as at June 28, 2018.

**CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking information and statements (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of Red Pine Exploration Inc. Forward-looking statements include, but are not limited to, statements with respect to the estimation of commodity prices, mineral reserves and resources, the realization of mineral reserve estimates, capital and exploration expenditures, costs and timing of the exploration and development of mineral deposits, the success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining activities, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks and uncertainties relating to, among other things, changes in commodity prices, currency fluctuation, financing, unanticipated reserve and resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks and uncertainties described under **Risks and Uncertainties** section of this MD&A for additional disclosures.

Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking statements contained on this MD&A are qualified by these cautionary statements. Readers should not place undue reliance on forward-looking statements. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and other to get a better understanding of the Company's operating environment. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

**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 has a fiscal year-end of July 31. Our principal business is the acquisition, exploration and development of mineral properties with a particular focus on gold exploration projects located in northern Ontario.

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

Our principal project consists of a 60% interest in the Wawa Gold Project, which is situated in northern Ontario next to the municipality of Wawa and consists of over 5,500 hectares and hosts several former mines with historic production. Citabar LLP owns the remaining 40% interest in the project and is funding their portion of exploration activities. Red Pine is the operator of the joint venture.

We have additional mineral properties situated in northern Ontario.

Our mineral properties are currently in the exploration stage and we do not operate any mines. We have not generated operating revenues or paid dividends since inception and are unlikely to do so in the immediate future. Our continued operations are dependent upon the ability of the Company to obtain financing through the proceeds of securities subscriptions for the continued exploration of its mineral properties. We have not yet determined through a feasibility study whether any of our mineral properties contain mineralization that is economically recoverable.

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.

Our executive offices are situated at 1001-145 Wellington Street West, Toronto, Ontario, M5J 1H8 and our website is [www.redpineexp.com](http://www.redpineexp.com) (which is expressly not incorporated by reference into this filing).

As of April 30, 2018, we had 20 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.

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

## **CORPORATE HIGHLIGHTS**

- On April 6, 2018, the Company has completed a private placement financing for gross proceeds of \$1,000,000. The Company issued 10,526,315 common share units at a price of \$0.095 per unit. Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.15 per purchase warrant. As part of the financing the Company paid \$70,000 cash commission which is included in the total cost of issue of \$81,796 and issued 736,842 non-transferable compensation warrants exercisable for a period of three years at an exercise price of \$0.095 per compensation warrant.
- On December 29, 2017 the Company has completed a private placement financing for gross proceeds of \$1,865,300. The Company issued 12,360,000 common share units at a price of \$0.105 per unit and 4,540,000 flow-through common shares at a price of \$0.125 per share. Each FT share was issued on a “flow-through” basis, as defined in the Income Tax Act (Canada). Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.15 per purchase warrant. As part of the financing the Company paid \$111,918 cash commission which is included in the total cost of issue of \$220,656 and issued 1,014,000 non-transferable compensation warrants exercisable for a period of three years at an exercise price of \$0.105 per compensation warrant. The flow through premium associated with the financing was \$113,500.
- During the month of October 2017, the Company completed settlement transactions whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through cash settlements. Pursuant to the settlement transactions, the Company paid \$109,115 in cash to settle total indebtedness of \$109,114 and issued a total of 146,209 common shares (the “Shares”) at a deemed price of \$0.11 per Share to settle total indebtedness of \$16,083.
- On October 26, 2017, we announced three new exploration targets on the Wawa Gold Project and their potential tonnages and grades, which were identified and interpreted by Golder Associates Ltd.
- On September 27, 2017, we entered into a Memorandum of Understanding (“MOU”) with the Michipicoten First Nation.
- On August 3, 2017, the Company completed the acquisition of net smelter royalties (“NSR”) on the Wawa Gold Project whereby the Company paid \$25,000 in cash and issued 100,000 common shares.

## **SUBSEQUENT EVENTS**

- A total of 2,227,757 warrants expired

## **FUTURE OUTLOOK AND PLAN**

The Wawa Gold Project exploration program is designed to expand the size of the existing inferred gold resource as well as identify and quantify other zones of gold mineralization on the property. Both the drilling, historic sampling program, trenching and mapping programs are expected to continue throughout 2018 to yield significant advancements of the geological knowledge of the property. Exploration results and plans for the Wawa Gold Project are discussed in further detail in the section titled Exploration and Evaluation Activities.

Since July 31, 2017, the Company has spent approximately \$4,704,514 on exploration expenditures prior to any recovery from the joint-venture partner, which is estimated at approximately 2,048,581. The Company expects to spend a \$4,850,000 in total on exploration expenditures by the end of the current fiscal year and prior to any recovery from the joint-venture partner, which is estimated at approximately \$1,940,000.

The above amounts may be updated based on actual costs and the timing may be delayed or adjusted based on several factors, including the availability of capital to fund the budget.

As of April 30, 2018, we had a working capital surplus of \$2,624,339 (July 31, 2017: \$3,298,929) and management believes the company is well funded to maintain the existing exploration and evaluation expenditures while supporting professional fees and general and administrative expenses until the end of the current fiscal year. The Company believes that any shortfall in funding can be covered through the monetization of non-core exploration assets, which includes several net smelter royalties on other properties, which are described in the section titled Exploration and Evaluation Activities.

## **EXPLORATION AND EVALUATION ACTIVITIES**

Over the past 9 months, the Company's exploration activities have focused on the Wawa Gold Project.

### **Wawa Gold Project**

Red Pine holds a 60% interest in the Wawa Gold Project and is the Manager and Operator of the project. The exploration strategy is to increase and quantify the gold resource on the property. This is being done through continued exploration and delineation intended to increase our understanding of the gold bearing mineralization. Over the past 12 months, Red Pine has continued the sampling of 42,000 metres of historic core, that was never sampled by previous operators of the project (initiated in February 2016) and drilling continued with a total of 39,000 meters of drilling being completed as of December 31, 2017. Drilling continued in 2018 with a year to date total of 12,000 meters. The drill program will continue throughout 2018 to delineate targets in the Surluga and Minto areas as per the exploration strategy of increasing the high-grade zone of the Surluga deposit and generate a resource model at Minto.

- Multiple new discoveries have been made during the drill programs including; Minto Mine South Zone, Minto Mine South Lower Zone, Minto Mine Upper Zone, Surluga North Zone, Hornblende-William Zone, and Grace-Darwin Zone. These discoveries give evidence that the Wawa Gold Corridor extends over 4.75km (Figure 1) strike length that remains open to both the north and south. The additional drilling will target this theory moving forward, along with strategically targeting areas near the current resource to expand the high-grade zone of the Surluga deposit, generate a new resource model at Minto, all the time testing the potential in the hanging wall and footwall zones.
- Coinciding with the drill program, Golder Associates continues to update the current resource model for Surluga deposit and generate a new resource model for the Minto South zone.
- In addition to the sampling program and drill program, Red Pine continued an extensive trenching and mapping program to increase the overall knowledge of the geological and structural control of the targets.

The Wawa Gold property consists of 34 unpatented and mining claims and 164 patented and leased mining claims totaling 5,568 contiguous hectares and hosts several past producing 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). The project area is located approximately 2 kilometres east 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 5-kilometre 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 at that time was 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.

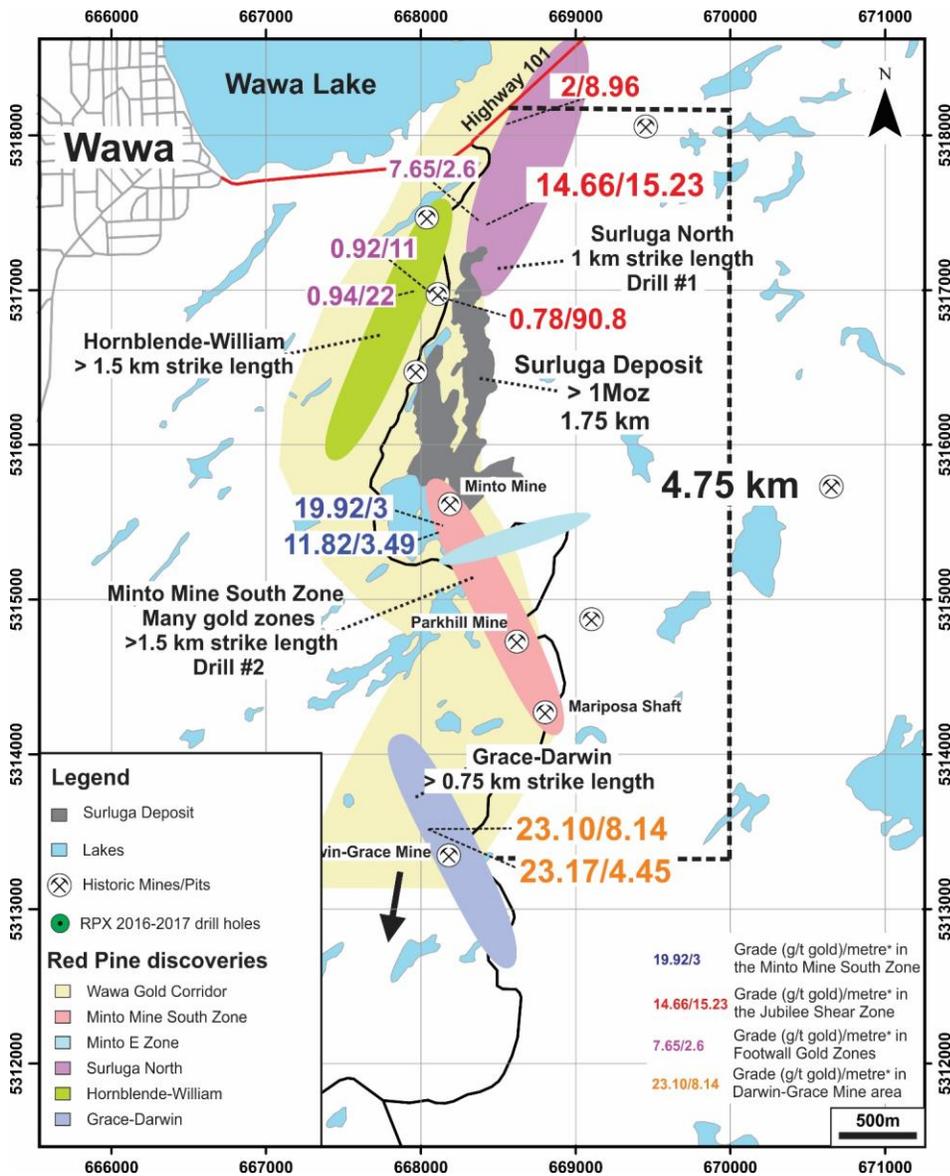


Figure 1: New discovery zones along the Wawa Gold Corridor

**EXPLORATION AND EVALUATION ACTIVITIES (CONTINUED)**

**Cayenne Property**

As of April 30, 2018, the Cayenne property consisted of 2 unpatented claims (2 claim units) and 1 lease (62.67 ha) in Genoa Township located approximately 110 kilometers southwest of Timmins, Ontario. The Company owns 100% of the property.

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

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

- a) If the Company proceeds with a Preliminary Exploration Program Phase 1:
  - a. The Company will issue on 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"), the execution of the 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. 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 of proceeding with Phase 2. 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 of proceeding with Phase 3. 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 on the day of grant 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.

**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.

**Red Pine Exploration Inc.**  
**MD&A for the Nine-Month Period Ended April 30, 2018**

**EXPLORATION AND EVALUATION ACTIVITIES (CONTINUED)**

**Mortimer Property**

As of April 30, 2018, 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 net smelter returns (“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 April 30, 2018, the Company held a 100% interest in 1 unpatented mining claim (3 claim units) located approximately 11 km east of the Dome mine in Timmins, Ontario. The claim is 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 4 unpatented mining claims covering 704 hectares located approximately 10 km northwest of Atikokan, Ontario.

**Net Smelter Royalties**

The Company retains a 1.5% 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 Alamos Gold Inc., which has the right to repurchase the NSR for \$1,500,000.

**RESULTS OF OPERATIONS**

The following are explanations of the material changes for the Nine-month period ended April 30, 2018 compared to the Nine-month period ended April 30, 2017:

	<b>Nine-month period ended</b>		<b>Three-month period ended</b>	
	<b>April 30, 2018</b>	<b>April 30, 2017</b>	<b>April 30, 2018</b>	<b>April 30, 2017</b>
<b>Expenses</b>				
Exploration Expenditures	\$4,704,514	\$24,695,235	\$1,438,630	\$22,879,364
General and Administrative	455,931	709,161	182,916	377,615
Payroll & Professional Fees	305,741	458,917	97,156	167,003
Depreciation and Amortization	80,420	37,996	27,950	22,788
Deferred Premium	(96,363)		(28,301)	
Recovery of Exploration Expenditures	(2,048,581)	(1,828,771)	(605,278)	(467,763)
Share based compensation	16,489	354,159	16,489	354,159
Foreign Exchange Loss	2,883	378	2,213	(10)
Interest Income		(476)		378
<b>Total Expenses</b>	<b>\$3,421,034</b>	<b>\$24,426,599</b>	<b>\$1,131,775</b>	<b>\$23,333,534</b>
<b>Loss and Comprehensive Loss for the Period</b>	<b>\$(3,421,034)</b>	<b>\$(24,426,599)</b>	<b>\$(1,231,775)</b>	<b>\$(23,333,534)</b>

**Red Pine Exploration Inc.**  
**MD&A for the Nine-Month Period Ended April 30, 2018**

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*Results for the Nine-month period ended April 30, 2018*

**RESULTS OF OPERATIONS (CONTINUED)**

- Exploration expenditures decreased to \$4,704,514 (2017: \$24,695,235) as result of the \$21,203,645 that incurred in 2017 for the purchase of Augustine Ventures Inc. Exploration costs unrelated to the purchase of Augustine Venture Inc was \$3,491,590, resulting in 2018 having higher exploration activity compared to 2017 in the same period.
- General and administrative decreased to \$455,931 (2017: \$709,161) as a result of decreased investor relations activities as compared to the previous period and recovery of cost from companies under management control
- Payroll and professional fees decreased to \$305,741 (2017: \$458,917) as a result of decreased management compensation and legal fees as compared to the previous period.
- Deferred Premium increased to (\$96,363) (2017: \$ nil) as a result of the expenditure of CEE over the period reducing the deferred premium obligation. During the same period in 2017, there was no deferred premium obligation.
- Recovery of exploration expenditures increased to \$2,048,581 (2017: \$1,361,008) as Citabar funded its proportional share of exploration on the Wawa Gold Project.
- Share based compensation decreased to \$16,489 (2017: \$354,159) as result of significantly less options granted year over year.

**QUARTERLY RESULTS OF OPERATIONS**

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

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	<b>Quarter Ended</b>			
	<b>April 30, 2018</b>	<b>January 31, 2017</b>	<b>October 31, 2017</b>	<b>July 31, 2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total Revenues	-	-	-	-
Exploration expenditures net of recoveries	833,352	716,378	1,106,203	1,167,893
Loss and Comprehensive loss for the quarter	(1,131,775)	(2,289,250)	(1,277,817)	(1,175,715)
Basic and diluted loss per share	(0.004)	(0.01)	(0.00)	(0.00)
Working Capital Surplus (Deficit)	2,624,339	1,011,442	2,089,422	3,298,930

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	<b>Quarter Ended</b>			
	<b>April 30, 2017</b>	<b>January 31, 2016</b>	<b>October 31, 2016</b>	<b>July 31, 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total Revenues	-	-	-	-
Exploration expenditures net of recoveries	22,412,601	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	(0.01)	(0.01)	(0.00)	(0.01)
Working Capital Surplus (Deficit)	3,824,600	289,149	695,166	992,222

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**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 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.

**Red Pine Exploration Inc.**  
**MD&A for the Nine-Month Period Ended April 30, 2018**

**EXPLORATION AND EVALUATION EXPENDITURES**

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, 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>
Property Acquisition Costs	9,132	-	-	9,132
Exploration Expenditures	1,862,768	-	-	1,862,768
<b>Balance – July 31, 2017</b>	<b>29,526,490</b>	<b>6,137,868</b>	<b>8,436,096</b>	<b>44,100,272</b>
Property Acquisition Costs	372,920			372,920
Exploration Expenditures	4,325,594		6,000	4,331,594
<b>Balance – April 30, 2018</b>	<b>34,225,004</b>	<b>6,137,686</b>	<b>8,442,096</b>	<b>48,804,786</b>

During the Nine-month period ended April 30, 2018:

- a) The Company incurred total exploration and evaluation expenditures of \$ 4,325,594 (2017: \$3,432,645) and \$372,920 property acquisition for the Wawa Gold property (2017: \$21,203,832 in the acquisition of Augustine Ventures which resulted in an increased ownership of 30% in the Wawa Gold joint-venture).
- b) The Company incurred total exploration and evaluation expenditures of \$6,000 on other properties (2017: \$58,767).
- c) The following table represent the amounts invoiced to the Wawa Gold joint-venture partners for their prorated share of the exploration program costs incurred during the nine-month period ended April 30, 2018, which includes exploration and evaluation expenditures, joint expenditures and any project management fees. The amounts for Augustine are those that were invoiced and recovered prior to the acquisition of Augustine, which was completed on February 3, 2017.

As at April 30, 2018, a total of \$578,917 was due from the joint-venture partners. (July 31, 2017 - \$328,118)

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**EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)**

	<b>Citabar</b>	<b>Augustine</b>	<b>All JV Partners</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance – July 31, 2016</b>	<b>464,465</b>	<b>348,348</b>	<b>812,813</b>
Recovery of JV Expenditures	1,461,506	367,265	1,828,771
<b>Balance – April 30, 2017</b>	<b>1,925,971</b>	<b>715,613</b>	<b>2,641,584</b>
Recovery of JV Expenditures	704,007	-	704,007
<b>Balance – July 31, 2017</b>	<b>2,629,978</b>	<b>715,613</b>	<b>3,345,591</b>
Recovery of JV Expenditures	2,048,581	-	2,048,581
<b>Balance – April 30, 2018</b>	<b>4,678,559</b>	<b>715,613</b>	<b>5,394,172</b>

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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 Consolidated Statements of Financial Position. As of April 30, 2018, the Company was committed to annual lease payments for 141 Adelaide Street West of approximately \$223,020 and expects to receive annual sublease payments of \$223,020.

On December 12, 2016, the Company signed an office space lease agreement for office space located at 145 Wellington Street West for seven (7) years from January 1, 2017 to December 31, 2023. On September 15, 2016, a security deposit totaling \$41,579 was remitted to the landlord, which is reported as a long-term asset on the Consolidated Statements of Financial Position. As of April 30, 2018, 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, 2018 \$</b>	<b>July 31, 2017 \$</b>
No later than 1 year	327,564	327,564
Later than 1 year, but no later than 5 years	483,224	650,488
Later than 5 years	69,696	148,104
<b>Total</b>	<b>880,484</b>	<b>1,126,156</b>

**Red Pine Exploration Inc.**  
**MD&A for the Nine-Month Period Ended April 30, 2018**

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**FLOW-THROUGH EXPENDITURE COMMITMENTS**

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

The following tables sets out the flow-through expenditure commitments as of April 30, 2018:

<b>Financing Series</b>	<b>2016 F/T Red Pine Series</b>	<b>2016 F/T Augustine Series</b>	<b>2017 F/T Series</b>	<b>2017 FT Series</b>
Financing Date	June 3, 2016	December 12, 2016	February 24, 2017	December 29, 2017
Commitment Deadline	December 31, 2017	December 31, 2017	December 31, 2018	December 31, 2018
Commitment Amount	\$ 1,098,000	\$ 500,000	4,000,101	\$ 567,500
Less: Qualified CEEs Incurred in 2016	(98,000)	-		-
Less: Qualified CEEs Incurred in 2017	(1,000,000)	(500,000)	(2,467,279)	-
Less Qualified CEE Incurred in 2018	-	-	(327,261)	-
<b>Estimated F/T Expenditures Remaining</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,205,561</b>	<b>\$ 567,500</b>

**RELATED PARTY TRANSACTIONS AND BALANCE**

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 six-month period ended April 30, 2018:

Key management personnel received the following compensation:

- a) Cash compensation of \$112,500 (2017: \$143,325), were paid to the CEO which have been recorded in exploration expenditures on the Consolidated Statements of Loss and Comprehensive Loss.
- b) Professional fees of \$63,850 (2017: \$60,525), were paid to a corporation controlled by the CFO for professional services and have been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
- c) Professional fees of \$nil (2017: \$60,000) were paid to key management personal and have been recorded in payroll and professional fees on the Consolidated Statement of Loss and Comprehensive Loss.
- d) Professional fees of \$92,250 (2017: \$23,000), were paid to a corporation controlled by the Executive Director of Mining and have been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
- e) Directors and key management personnel received 300,000 stock options valued at 16,489 (2017: 5,271,000 stock options valued at \$225,245)

Companies under the common management received the following services:

- a) Exploration services in the amount of \$ \$443,376 (2017: \$nil), which was recorded as a recovery of exploration expenditures
- b) Office and general administration services in the amount of \$95,672.68 (2017: \$20,660), which was recorded as a recovery of general administration.

As of April 30, 2018, the outstanding related party balances were as follows:

- a) Corporations under common management control owe the Company \$337,859 (July 31, 2017: \$32,520) for the reimbursement of shared expenditures, which has been included in accounts receivable.
- b) Former directors of wholly-owned subsidiary Augustine Ventures Inc. owe the Company \$16,862 (July 31, 2017: \$62,166), which has been included in amounts receivable.
- c) A Corporation controlled by the CFO was owed \$nil (July 31, 2017: \$2,657) for the reimbursement of expenses, which has been included in amounts receivable.
- d) A Corporation controlled by the Executive Director of Mining was owed \$nil (July 31, 2017: \$11,225) for management consulting fees, which has been included in accounts payable.
- e) Key management personnel were owed a deferred bonus of \$nil (2017: \$60,000) for the achievement of specific performance measures, which has been included in accounts payable and accrued liabilities.
- f) The Company is the manager of and owns a 60% interest in a joint-venture partnership (see Note 4). The joint-venture partner owed the following net balances to the Company, which has been included in amounts receivable from joint-venture partners:
  - Citabar: \$578,917 (July 31, 2017: \$328,118)
  - Augustine: \$ nil (July 31, 2017: \$220,769)

## **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, 2018 the Company had 294,209,655 issued and outstanding common shares (July 31, 2017: 264,149,026). All issued and outstanding common shares are fully paid.

- a) Common Shares Issued during the Nine-month period ended April 30, 2018:
- During the period the Company issued a total of 2,388,105 common shares upon the exercise of 2,388,105 common share purchase warrants at an average exercise price of \$0.09 for gross proceeds of \$226,247.
  - On April 6, 2018 the Company has completed a private placement financing for gross proceeds of \$1,000,000. The Company issued 10,526,315 common share units at a price of \$0.095 per unit. Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.15 per purchase warrant. As part of the financing the Company paid \$70,000 cash commission which is included in the total cost of issue of \$81,796.00 and issued 736,842.05 non-transferable compensation warrants exercisable for a period of three years at an exercise price of \$0.095 per compensation
  - On December 29, 2017 the Company has completed a private placement financing for gross proceeds of \$1,865,300. The Company issued 12,360,000 common share units at a price of \$0.105 per unit and 4,540,000 flow-through common shares at a price of \$0.125 per share. Each FT share was issued on a “flow-through” basis, as defined in the Income Tax Act (Canada). Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.15 per purchase warrant. As part of the financing the Company paid \$111,918 cash commission which is included in the total cost of issue of \$220,656 and issued 1,014,000 non-transferable compensation warrants exercisable for a period of three years at an exercise price of \$0.105 per compensation warrant. The flow through premium associated with the financing was \$113,500 (note 6).
  - On October 23, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through the issuance of common shares of the Company (the “Common Shares”). Pursuant to the settlement transaction, the Company issued a total of 146,209 common shares (the “Shares”) at a deemed price of \$0.11 per Share to settle total indebtedness of \$16,083.
  - On August 3, 2017, the Company completed the acquisition of net smelter royalties (“NSR”) on the Wawa Gold Project whereby the Company paid \$25,000 in cash and issued 100,000 common shares

**STOCK OPTIONS**

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

The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Board of Directors, in accordance with applicable Exchange or other regulatory requirements, if any, determines the vesting period. There is no minimum vesting period unless the optionee is engaged in Investor Relation Activities. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

All outstanding stock options vested immediately.

During the nine months ended April 30, 2018, the Company granted 300,000 (2017 - 11,311,000) to a director and officer at a weighted average exercise price of \$0.07 (2017 - \$0.12). These three-year options vested immediately upon grant. The fair value of the stock options granted during the year has been determined to be \$16,488.86 (2017: 1,323,386) and has been included in the statement of loss and comprehensive loss for the nine months ended April 30, 2018. The fair value of the stock options was calculate using the Black-Scholes option pricing model and utilized the following weighted average assumptions: risk-free rate - 1.89%; volatility - 141%; expected life - 3 years; dividend yield - 0% and forfeiture rate - 0%.

The following is a continuity schedule of the stock options series outstanding from July 31, 2017 to April 30, 2018:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2017</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding April 30, 2018</b>
July 10, 2018	\$ 0.500	260,000	-	-	75,000	185,000
December 18, 2018	\$ 0.500	685,000	-	-	195,000	490,000
February 25, 2020	\$ 0.500	1,360,000	-	-	280,000	1,080,000
August 27, 2020	\$ 0.055	1,925,000	-	-	50,000	1,875,000
April 5, 2021	\$ 0.080	750,000	-	-	300,000	450,000
April 6, 2022	\$ 0.120	3,027,000	-	-	302,000	2,725,000
April 11, 2022	\$ 0.120	8,284,000	-	-	4,864,000	3,420,000
February 9, 2021	\$ 0.070		300,000	-	-	300,000
<b>Total</b>	<b>\$ 0.16</b>	<b>16,291,000</b>	<b>300,000</b>	<b>-</b>	<b>6,066,000</b>	<b>10,525,000</b>

**Red Pine Exploration Inc.**  
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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, 2017 to April 30, 2018:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2017</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding April 30, 2018</b>	<b>Fair Value April 30, 2017</b>
December 18, 2017	\$ 0.250	6,400,000	-	-	(6,400,000)	-	-
December 18, 2017	\$ 0.250	640,000	-	-	(640,000)	-	-
June 3, 2018	\$ 0.080	1,777,132	-	-	-	1,777,132	\$134,351
June 24, 2018	\$ 0.105	450,625	-	-	-	450,625	\$ 44,882
July 30, 2018	\$ 0.050	155,965	-	(107,965)	-	48,000	\$ 2,006
July 30, 2018	\$ 0.100	1,499,708	-	-	-	1,499,708	\$ 38,700
August 13, 2018	\$ 0.050	270,982	-	(108,982)	-	162,000	\$ 8,035
August 13, 2018	\$ 0.100	2,208,186	-	-	-	2,208,186	\$ 61,449
August 20, 2018	\$ 0.050	336,158	-	(171,158)	-	165,000	\$ 8,184
August 20, 2018	\$ 0.100	1,375,000	-	-	-	1,375,000	\$ 36,750
August 28, 2018	\$ 0.100	200,000	-	-	-	200,000	\$ 5,298
September 2, 2018 <sup>(a)</sup>	\$ 0.099	2,533,333	-	(500,000)	-	2,533,333	\$ 242,118
September 2, 2018	\$ 0.099	5,065,909	-	-	-	5,065,909	\$ 586,039
February 9, 2019 <sup>(b)</sup>	\$ 0.066	2,888,000	-	-	-	2,888,000	\$ 368,500
February 9, 2019	\$ 0.066	1,994,544	-	-	-	1,994,544	\$ 250,294
February 9, 2019	\$ 0.132	5,327,165	-	-	-	5,327,165	\$ 633,935
February 17, 2019	\$ 0.250	20,000	-	-	-	20,000	\$ 6,090
February 24, 2019	\$ 0.135	3,412,889	-	-	-	3,412,889	\$ 404,427
February 25, 2019(b)	\$ 0.066	520,177	-	-	-	520,177	\$ 66,553
February 25, 2019	\$ 0.066	3,847,521	-	-	-	3,847,521	\$ 484,397
April 7, 2019	\$ 0.105	1,789,456	-	-	-	1,789,457	\$ 220,282
April 8, 2019	\$ 0.105	16,695,601	-	-	-	16,695,601	\$ 2,055,731
May 5, 2019	\$ 0.105	2,144,121	-	-	-	2,144,121	\$ 265,704
June 3, 2019	\$ 0.100	5,343,800	-	-	-	5,343,800	\$ 164,274
June 24, 2019	\$ 0.105	2,437,500	-	(1,500,000)	-	937,500	\$ 41,086
September 2, 2019	\$ 0.066	121,600	-	-	-	121,600	\$ 15,793
December 13, 2019	\$ 0.170	3,800,000	-	-	-	3,800,000	\$ 478,985
February 24, 2020	\$ 0.170	21,168,666	-	-	-	21,168,666	\$ 906,523
April 7, 2020	\$ 0.072	198,429	-	-	-	198,429	\$ 26,318
May 3, 2020	\$ 0.072	6,080	-	-	-	6,080	\$ 808
December 29,2020(c)	\$ 0.150		12,360,000	-	-	12,360,000	\$ 891,156
December 29,2020(d)	\$ 0.105		1,014,000	-	-	1,014,000	\$ 77,020
April 6, 2020(e)	\$ 0.150		10,526,316	-	-	10,526,316	489,955
April 6, 2020(f)	\$ 0.095		736,842	-	-	736,842	37,165
<b>Total</b>	<b>\$0.13</b>	<b>94,628,548</b>	<b>24,637,158</b>	<b>(2,388,105)</b>	<b>(7,040,000)</b>	<b>109,837,602</b>	<b>9,052,809</b>

- a) These warrants are exercisable at a price of CAD\$0.099 or USD\$0.092.  
b) These warrants are exercisable at a price of CAD\$0.066 or USD\$0.059.  
c) The fair value of the 12,360,000 warrants issued on December 29, 2017 was estimated at \$891,156 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.71%, dividend yield 0%, expected stock volatility 137%, and an expected life of 3 years  
d) The fair value of the 1,014,000 compensation warrants issued on December 29, 2017 was estimated at \$77,020 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.71%, dividend yield 0%, expected stock volatility 137%, and an expected life of 3 years.

**Red Pine Exploration Inc.**  
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**WARRANTS (CONTINUED)**

- e) The fair value of the 10,526,315 warrants issued on April 6, 2018 was estimated at \$489,955 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.03%, dividend yield 0%, expected stock volatility 135%, and an expected life of 3 years
- f) The fair value of the 736,842 compensation warrants issued on April 6, 2018 was estimated at \$37,165 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.03%, dividend yield 0%, expected stock volatility 135%, and an expected life of 3 years.

**LIQUIDITY AND CAPITAL MANAGEMENT**

	<b>April 30, 2018</b>	<b>July 31, 2017</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,408,789	\$ 3,388,171
Marketable Securities	2,500	2,500
Amounts Receivable	531,934	674,250
Amounts Receivable from Joint Venture Partners	578,917	328,118
Prepaid Expenses	67,978	43,635
<b>Total Current Assets</b>	<b>3,590,118</b>	<b>4,436,674</b>
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities (note 5)	683,910	\$ 719,889
Deferred Flow-Through Premium (note 6)	155,071	137,934
Flow-Through Provision (note 7)	110,876	264,000
Lease Inducements (note 8)	15,922	15,922
<b>Total Current Liabilities</b>	<b>965,779</b>	<b>1,137,745</b>
<b>Working Capital</b>	<b>\$ 2,624,339</b>	<b>\$ 3,298,929</b>

As at April 30, 2018, the Company had a working capital surplus of \$2,624,339 (July 31, 2017: \$3,298,929).

There were no changes in the Company's approach to capital management during the nine-month period ended April 30, 2018.

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

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

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

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

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and adjusts in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company's capital structure may involve the issuance of new shares, assumption of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending commitments.

## **FINANCIAL INSTRUMENT RISK FACTORS**

The following disclosures are to enable users of the consolidated financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

### ***a) Credit risk***

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's accounts receivable are sales tax receivables with negligible counterparty default risk.

The amounts due from joint venture partners are subject to counterparty default risk, and total \$578,917 as at April 30, 2018 (July 31, 2017 – \$328,118).

The amounts due from subtenants are subject to counterparty default risk, and total \$42,000 as at April 30, 2018 (July 31, 2017 - \$nil).

### **Liquidity risk**

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

As at April 30, 2018, the Company had a cash and cash equivalents balance of \$2,408,789 (July 31, 2017: \$3,388,171) to settle current liabilities of \$965,779 (July 31, 2017: \$1,137,745). As a result, the Company is currently not exposed to liquidity risk.

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

### ***b) 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.

**Red Pine Exploration Inc.**  
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**GOING CONCERN**

Red Pine Exploration Inc. (the "Company" or "Red Pine") was founded in 1936 under the laws of Ontario, Canada for the acquisition, exploration, and development of mining properties. The Company's head office and primary location of its registered records is 145 Wellington Street West, Suite 1001, Toronto, Ontario, M5J 1H8. The Company is currently in the exploration stage and has not commenced any commercial operations.

The accompanying Consolidated Financial Statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

As at April 30, 2018, the Company had a working capital surplus of \$2,624,339 (July 31, 2017: \$3,298,929) and an accumulated deficit of \$59,898,819 (July 31, 2017: \$56,477,785).

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company is currently in the exploration stage and has not commenced commercial operations. These conditions cast significant doubt about the Company's ability to continue as a going concern.

These Consolidated Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

*(a) Statement of compliance*

accordance and comply with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting principles consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

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

*(b) Basis of presentation*

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended July 31, 2017.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

*(c) Basis of consolidation*

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

*(d) Significant accounting judgements and estimates*

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

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

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

*Going concern*

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

*Share-based compensation*

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share based payment expense along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 10.

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

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

**OTHER INFORMATION**

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