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**Red Pine Exploration Inc.**

**Unaudited Condensed Interim Consolidated Financial Statements**

For the Six-Month Period Ended January 31, 2019 and 2018

(Expressed in Canadian Dollars)

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**Notice of No Auditor Review of Interim Financial Statements**

As per National Instrument 51-102 *Continuous Disclosure Obligations* Part 4.3 *Disclosure of Auditor Review*, the auditors of Red Pine Exploration Inc. have not performed a review of these condensed interim consolidated financial statements.

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

|   | January 31, 2019    | July 31, 2018       |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| <b>Current Assets:</b>                                  |                     |                     |
| Cash and Cash Equivalents                               | \$ 3,057,280        | \$ 1,943,300        |
| Marketable Securities                                   | 2,500               | 2,500               |
| Amounts Receivable (note 3)                             | 774,153             | 295,115             |
| Amounts Receivable from Joint Venture Partners (note 5) | 466,303             | 563,791             |
| Prepaid Expenses  | 77,925              | 64,398              |
| <b>Total Current Assets</b>                             | <b>4,378,161</b>    | <b>2,869,104</b>    |
| Equipment (note 4)                                      | 103,649             | 149,960             |
| Perpetual Software Licenses (note 4)                    | 22,254              | 26,304              |
| Leasehold Improvements (note 4)                         | 95,886              | 105,474             |
| Long-Term Rent Deposit (note 12)                        | 41,579              | 41,579              |
| <b>Total Assets</b>                                     | <b>\$ 4,641,529</b> | <b>\$ 3,192,421</b> |
| <b>Liabilities</b>                                      |                     |                     |
| <b>Current Liabilities:</b>                             |                     |                     |
| Accounts Payable and Accrued Liabilities (note 7)       | \$ 820,531          | \$ 375,198          |
| Deferred Flow-Through Premium (note 8)                  | 182,587             | 130,031             |
| Flow-Through Provision (note 9)                         | 110,876             | 110,876             |
| Lease Inducements (note 10)                             | 7,961               | 15,922              |
| <b>Total Current Liabilities</b>                        | <b>1,121,955</b>    | <b>632,027</b>      |
| Rental Deposit (note 12)                                | 17,281              | 17,281              |
| <b>Total Liabilities</b>                                | <b>1,139,236</b>    | <b>649,308</b>      |
| <b>Shareholder's Equity</b>                             |                     |                     |
| Share Capital (note 11)                                 | 50,107,281          | 46,361,624          |
| Contributed Surplus                                     | 7,838,487           | 7,658,688           |
| Warrant Reserve (note 11)                               | 8,383,393           | 8,834,875           |
| Accumulated Deficit                                     | (62,826,868)        | (60,312,074)        |
| <b>Total Shareholders' Equity</b>                       | <b>3,502,293</b>    | <b>2,543,113</b>    |
| <b>Total Liabilities and Shareholders' Equity</b>       | <b>\$ 4,641,529</b> | <b>\$ 3,192,421</b> |

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Nature of Operations and Going Concern** (note 1)  
**Commitments and Contingencies** (note 12)  
**Subsequent Events** (note 15)

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

|   | Three-month period ended |                     | Six-month period ended |                       |
|---|--------------------------|---------------------|------------------------|-----------------------|
|   | January 31,<br>2019      | January 31,<br>2019 | January 31,<br>2019    | January 31,<br>2018   |
| <b>Expenses</b>                                   |                          |                     |                        |                       |
| Exploration Expenditures (note 5)                 | \$ 1,433,673             | \$ 1,611,532        | \$ 2,916,085           | \$ 3,265,884          |
| General and Administrative                        | 213,761                  | 173,658             | 335,081                | 273,015               |
| Payroll & Professional Fees (notes 6)             | 162,000                  | 110,731             | 288,888                | 208,585               |
| Depreciation and Amortization (note 4)            | 27,950                   | 27,692              | 55,899                 | 52,470                |
| Share based compensation                          |                          |                     | 156,306                |                       |
| Deferred Premium (note 8)                         | (133,421)                | (17,596)            | (225,344)              | (68,062)              |
| Recovery of Exploration Expenditures (note 5)     | (341,172)                | (895,154)           | (1,010,898)            | (1,443,303)           |
| Foreign Exchange Loss (Gain)                      | (240)                    | 579                 | (240)                  | 670                   |
| Interest Income                                   | (581)                    | -                   | (983)                  | -                     |
| <b>Total Expenses</b>                             | <b>1,361,970</b>         | <b>1,011,442</b>    | <b>2,514,794</b>       | <b>2,289,259</b>      |
| <b>Loss and Comprehensive Loss for the Period</b> | <b>(1,361,970)</b>       | <b>(1,011,442)</b>  | <b>\$ (2,514,794)</b>  | <b>\$ (2,289,259)</b> |
| Loss per share – basic and diluted                | \$ (0.0)                 | \$ (0.00)           | \$ (0.01)              | \$ (0.01)             |
| Weighted average shares outstanding               | 328,380,655              | 271,820,007         | 311,332,955            | 268,072,245           |

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements*

**Red Pine Exploration Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*

|  | <b>Six-Month Period<br/>Ended<br/>January 31, 2019</b> | <b>Six-Month Period<br/>Ended<br/>January 31, 2018</b> |
|--|--|--|
| <b>Operating Activities</b>                          |  |  |
| <b>Loss for the Period</b>                           | \$ (2,514,794)   | \$ (2,289,259)   |
| Adjustments for non-cash items:                      |  |  |
| Amortization of lease inducements                    | (7,961)  | (7,961)  |
| Amortization and depreciation                        | 55,899   | 52,470   |
| Amortization included in exploration expenditures    | 4,050  | 2,025  |
| Share-based property acquisition                     | -  | 10,000   |
| Share-based compensation                             | 156,306  | -  |
| Recognition of deferred premium                      | (225,344)  | (68,062)   |
| Change in working capital items:                     |  |  |
| Amounts receivable                                   | (479,038)  | 376,328  |
| Amounts receivable from joint-venture partners       | 97,488   | 328,118  |
| Prepaid expenses                                     | (13,527)   | (3,951)  |
| Accounts payable and accrued liabilities             | 445,333  | (688,947)  |
| Rent deposit   | -  | -  |
| Flow -Through Provision                              |  | (137,041)  |
| Obligation to Joint Venture                          |  | 26,362   |
| <b>Net cash used in operating activities</b>         | <b>(2,481,588)</b>                                     | <b>(2,399,918)</b>                                     |
| <b>Investing Activities</b>                          |  |  |
| Vehicular purchase                                   | -  | (35,218)   |
| Exploration equipment purchases                      | -  | (2,401)  |
| Office equipment purchase                            | -  | (982)  |
| Perpetual software licenses                          | -  | -  |
| Leasehold improvements                               | -  | -  |
| <b>Net cash used in investing activities</b>         | <b>-</b>   | <b>(38,601)</b>  |
| <b>Financing Activities</b>                          |  |  |
| Proceeds from private placements                     | 3,691,500  | 1,865,300  |
| Proceeds from warrant and option exercise            | 4,200  | 226,247  |
| Share issue costs                                    | (100,132)  | (220,656)  |
| <b>Net cash provided by financing activities</b>     | <b>3,595,568</b>                                       | <b>1,870,891</b>                                       |
| <b>Cash and Cash Equivalents</b>                     |  |  |
| Net increase (decrease) in cash and cash equivalents | 1,113,980  | (567,628)  |
| Cash and cash equivalents - beginning of period      | 1,943,300  | 3,388,171  |
| <b>Cash and cash equivalents - end of period</b>     | <b>\$ 3,057,280</b>                                    | <b>\$2,820,543</b>                                     |
| <b>Supplemental Disclosures:</b>                     |  |  |
| Interest received as cash                            | 983  | -  |

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Red Pine Exploration Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholder's Equity (Deficiency)**  
*(Expressed in Canadian Dollars)*

|   | Shares<br>#        | Share<br>Capital<br>\$ | Contributed<br>Surplus<br>\$ | Warrant<br>Reserve<br>\$ | Accumulated<br>Deficit<br>\$ | Shareholder's<br>Equity<br>(Deficiency)<br>\$ |
|---|--------------------|------------------------|------------------------------|--------------------------|------------------------------|---|
| <b>Balance – July 31, 2018</b>              | <b>294,209,655</b> | <b>46,361,624</b>      | <b>7,658,688</b>             | <b>8,834,875</b>         | <b>(60,312,074)</b>          | <b>2,543,113</b>                              |
| Loss for period                             |                    |                        |                              |                          | (2,514,794)                  | (2,514,794)                                   |
| Other Comprehensive Income                  |                    |                        |                              |                          |                              |   |
| Total Comprehensive Income                  |                    |                        |                              |                          | (2,514,794)                  | (2,514,794)                                   |
| Warrants Exercised                          | 84,000             | 4,200                  | -                            | -                        | -                            | 4,200   |
| Fair Value of Warrants Exercised            | -                  | 4,166                  | -                            | (4,166)                  | -                            | -   |
| Fair Value of Warrants Expired              | -                  | 943,708                | -                            | (943,708)                | -                            | -   |
| Share-Based Compensation                    |                    |                        | 156,306                      |                          | -                            | 156,306                                       |
| Private Placement                           | 73,830,000         | 3,691,500              |                              |                          |                              | 3,691,500                                     |
| Fair Value of Warrants Issued               |                    | (496,392)              |                              | 496,392                  |                              |   |
| Fair Value of Flow-Through Premium          |                    | (277,900)              |                              |                          |                              | (277,900)                                     |
| Cost of Issue                               |                    | (100,132)              |                              |                          |                              | (100,132)                                     |
| Fair Value of Finder Fee Options            | -                  | (23,493)               | 23,493                       | -                        | -                            | -   |
| <b>Balance – January 31, 2019</b>           | <b>368,123,655</b> | <b>50,107,281</b>      | <b>7,838,487</b>             | <b>8,383,393</b>         | <b>(62,826,868)</b>          | <b>3,502,293</b>                              |
| <b>Balance – July 31, 2017</b>              | <b>264,149,026</b> | <b>44,037,907</b>      | <b>7,642,199</b>             | <b>8,462,564</b>         | <b>(56,477,785)</b>          | <b>3,664,885</b>                              |
| Loss for period                             |                    |                        |                              |                          | (2,289,259)                  | (2,289,259)                                   |
| Other Comprehensive Income                  |                    |                        |                              |                          |                              |   |
| Total Comprehensive Income                  |                    |                        |                              |                          | (2,289,259)                  | (2,289,259)                                   |
| Shares Issued for Acquisition of Properties | 100,000            | 10,000                 | -                            | -                        | -                            | 10,000  |
| Shares for Debt Settlement                  | 146,209            | 16,083                 |                              |                          |                              | 16,083  |
| Warrants Exercised                          | 2,388,105          | 226,247                | -                            | -                        | -                            | 226,247                                       |
| Fair Value of Warrants Exercised            | -                  | 135,193                | -                            | (135,193)                | -                            | -   |
| Fair Value of Warrants Expired              |                    | 769,880                |                              | (769,880)                |                              | -   |
| Private Placement                           | 16,900,000         | 1,865,300              |                              |                          |                              | 1,865,300                                     |
| Fair Value of Warrants Issued               |                    | (891,176)              |                              | 891,176                  |                              |   |
| Fair Value of Flow-Through Premium          |                    | (113,500)              |                              |                          |                              | (113,500)                                     |
| Cost of Issue                               |                    | (220,656)              |                              |                          |                              | (220,656)                                     |
| Fair Value of Broker Warrants               |                    | (77,020)               | -                            | 77,020                   | -                            | -   |
| <b>Balance – January 31, 2018</b>           | <b>283,683,340</b> | <b>45,758,258</b>      | <b>7,642,199</b>             | <b>8,525,687</b>         | <b>(58,767,044)</b>          | <b>3,159,100</b>                              |

*The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.*

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

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**1. Nature of Operations and 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 January 31, 2019, the Company had a working capital surplus of \$3,256,206 (July 31, 2018: \$2,237,077) and an accumulated deficit of \$62,826,868 (July 31, 2018: \$ 60,312,074).

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.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

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## **2. Significant Accounting Policies**

### *(a) Statement of compliance*

These consolidated 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 consolidated financial statements were approved by the Board of Directors on November 23, 2018.

### *(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, 2018.

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 11.

#### *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 8 and 9.



**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

**3. Trade and Other Receivables**

|                                   | January 31, 2019 | July 31, 2018  |
|-----------------------------------|------------------|----------------|
|                                   | \$               | \$             |
| Related Party Receivable (Note 6) | 480,209          | 200,994        |
| HST Receivable                    | 250,434          | 71,612         |
| Other Receivable                  | 43,510           | 22,509         |
|                                   | <u>774,153</u>   | <u>295,115</u> |

**4. Equipment, Software and Leasehold Improvements**

The following table sets out the changes to the carrying value of vehicular, exploration and office equipment:

|                                   | Vehicular<br>Equipment<br>\$ | Exploration<br>Equipment<br>\$ | Office<br>Equipment<br>\$ | All<br>Equipment<br>\$ |
|-----------------------------------|------------------------------|--------------------------------|---------------------------|------------------------|
| <b>Balance – July 31, 2017</b>    | <b>68,321</b>                | <b>111,755</b>                 | <b>18,451</b>             | <b>198,527</b>         |
| Acquisitions                      | 35,218                       | 2,401                          | 982                       | 38,601                 |
| Depreciation                      | (15,290)                     | (24,113)                       | (1,455)                   | (40,858)               |
| <b>Balance – January 31, 2018</b> | <b>88,249</b>                | <b>90,043</b>                  | <b>17,978</b>             | <b>196,270</b>         |
| Depreciation                      | (20,506)                     | (24,316)                       | (1,488)                   | (46,310)               |
| <b>Balance – July 31, 2018</b>    | <b>67,743</b>                | <b>65,727</b>                  | <b>16,490</b>             | <b>149,960</b>         |
| Depreciation                      | (20,508)                     | (24,316)                       | (1,488)                   | (46,312)               |
| <b>Balance – January 31, 2019</b> | <b>47,235</b>                | <b>41,411</b>                  | <b>15,002</b>             | <b>103,648</b>         |

The following table sets out the changes to the carrying value of software licenses and leasehold improvements:

|                                   | Software<br>Licenses<br>\$ | Leasehold<br>Improvements<br>\$ |
|-----------------------------------|----------------------------|---------------------------------|
| <b>Balance – July 31, 2017</b>    | <b>34,404</b>              | <b>124,650</b>                  |
| Amortization                      | (4,050)                    | (9,588)                         |
| <b>Balance – January 31, 2018</b> | <b>30,354</b>              | <b>115,062</b>                  |
| Amortization                      | (4,050)                    | (9,588)                         |
| <b>Balance – July 31, 2018</b>    | <b>26,304</b>              | <b>105,474</b>                  |
| Amortization                      | (4,050)                    | (9,588)                         |
| <b>Balance – January 31, 2019</b> | <b>22,254</b>              | <b>95,886</b>                   |

**5. Mineral Properties**

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

The Company has ownership interests in the several exploration projects. The Wawa Gold Project 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<br/>Project</b> | <b>Cayenne<br/>Property</b> | <b>Other<br/>Properties</b> | <b>Total<br/>Properties</b> |
|-----------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                   | \$                           | \$                          | \$                          | \$                          |
| <b>Balance – July 31, 2017</b>    | <b>29,526,490</b>            | <b>6,137,686</b>            | <b>8,436,096</b>            | <b>44,100,272</b>           |
| Property Acquisition Costs        | 372,920                      | -                           | 6,000                       | 378,920                     |
| Exploration Expenditures          | 2,886,964                    | -                           | -                           | 2,886,964                   |
| <b>Balance –January 31, 2018</b>  | <b>32,786,374</b>            | <b>6,137,686</b>            | <b>8,442,096</b>            | <b>47,366,156</b>           |
| Property Acquisition Costs        | 264,989                      | -                           | -                           | 264,989                     |
| Exploration Expenditures          | 2,507,070                    | -                           | 40,078                      | 2,547,148                   |
| <b>Balance – July 31, 2018</b>    | <b>35,558,433</b>            | <b>6,137,686</b>            | <b>8,482,174</b>            | <b>50,178,293</b>           |
| Property Acquisition Costs        | -                            | -                           | -                           | -                           |
| Exploration Expenditures          | 2,916,085                    | -                           | -                           | 2,916,085                   |
| <b>Balance – January 31, 2019</b> | <b>38,474,518</b>            | <b>6,137,686</b>            | <b>8,482,174</b>            | <b>53,094,378</b>           |

During the six-month period ended January 31, 2019:

- a) The Company incurred total acquisition, exploration and evaluation expenditures of \$2,916,085 on the Wawa Gold property (2018: \$2,507,070).
- b) 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 six-month period ended January 31, 2019, 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.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

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**Mineral Properties (Continued)**

|                                   | Citabar<br>\$    | Augustine<br>\$   | All JV Partners<br>\$ |
|-----------------------------------|------------------|-------------------|-----------------------|
| <b>Balance – July 31, 2017</b>    | <b>2,629,978</b> | <b>715,613</b>    | <b>3,345,591</b>      |
| Recovery of JV Expenditures       | 1,443,303        | -                 | 1,443,303             |
| <b>Balance – January 31, 2018</b> | <b>4,073,281</b> | <b>715,613</b>    | <b>4,788,894</b>      |
| Recovery of JV Expenditures       | 1,535,465        | -                 | 1,535,465             |
| <b>Balance – July 31, 2018</b>    | <b>5,608,746</b> | <b>\$ 715,613</b> | <b>6,324,359</b>      |
| Recovery of JV Expenditures       | 1,010,898        | -                 | 1,010,898             |
| <b>Balance – January 31, 2019</b> | <b>6,619,644</b> | <b>\$ 715,613</b> | <b>7,335,257</b>      |

As at January 31, 2019, a total of \$ 466,303 (July 31, 2018 - \$ 563,791) was due from the joint-venture partners.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

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## **5. Mineral Properties (Continued)**

### **Wawa Gold Project**

As at January 31, 2019 the Wawa Gold property consisted of 34 unpatented and mining claims and 164 patented and leased mining claims totaling 5,582 contiguous hectares and hosts several past producing mines. The project area is located approximately 2 kilometres east of the Town of Wawa in northern Ontario.

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 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.

### **Cayenne Property**

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.

### **Algoma-Talisman Property**

The Company has a 100% interest in an 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**

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% 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.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the six-month periods ended January 31, 2019 and 2018*

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**6. Related Party Transactions and Balances**

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

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

| <b>Six-Month Ended January 31</b>   |                |            |
|-------------------------------------|----------------|------------|
|                                     | <b>2019</b>    | 2018       |
|                                     | \$             | \$         |
| Short-term benefits <sup>(1)</sup>  | <b>163,375</b> | \$ 173,250 |
| Share-based payments <sup>(2)</sup> | <b>112,069</b> | -          |
| <b>Total</b>                        | <b>275,444</b> | 173,250    |

(1) Includes salary and professional fees.

(2) Represents the expense of stock options vested during the period

As of January 31, 2019, the following related party balances were outstanding:

Included in Amounts Receivable is an amount of \$ 480,209 (July 31, 2018: \$200,994) related to exploration, rent and general & administrative charges from a company under common management. 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: Citabar: \$466,303 (July 31, 2018: \$563,791)

**7. Trade Payable and Accrued Liabilities**

|                     | <b>January 31, 2019</b> | <b>July 31, 2018</b> |
|---------------------|-------------------------|----------------------|
|                     | \$                      | \$                   |
| Trade Payables      | 800,805                 | 286,898              |
| Accrued Liabilities | 19,726                  | 44,480               |
| HST Payable         |                         | 43,820               |
|                     | <b>820,531</b>          | <b>375,198</b>       |

**Red Pine Exploration Inc.****Notes to Condensed Interim Consolidated financial statements***For the six-month periods ended January 31, 2019 and 2018***8. Deferred Premium on Flow-Through Shares**

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

The fair value of the tax deduction renounced to the flow-through subscribers is recognized as a deferred premium obligation on the Consolidated Statements of Financial Position until the qualifying CEEs are incurred. As the qualifying CEE’s are incurred, the deferred premium is reduced through profit and loss.

The following table sets out the changes to the deferred premium balances:

| <b>Financing Series</b>           | <b>2017 F/T<br/>Series<br/>\$</b> | <b>2017 F/T<br/>Series<br/>\$</b> | <b>2017 F/T<br/>Series<br/>\$</b> | <b>Total<br/>Deferred<br/>Premium<br/>\$</b> |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| <b>Balance - July 31 2017</b>     | <b>137,934</b>                    | -                                 | -                                 | <b>137,934</b>                               |
| Recognition of Deferred Premium   |                                   | 113,500                           | -                                 | \$113,500                                    |
| Decrease of Deferred Premium      | (68,062)                          | -                                 | -                                 | (68,062)                                     |
| <b>Balance - January 31, 2018</b> | <b>69,872</b>                     | <b>113,500</b>                    | -                                 | <b>183,372</b>                               |
| Recognition of Deferred Premium   | -                                 | -                                 | -                                 | -  |
| Decrease of Deferred Premium      | (53,341)                          | -                                 | -                                 | (53,341)                                     |
| <b>Balance – July 31, 2018</b>    | <b>16,531-</b>                    | <b>113,500</b>                    | -                                 | <b>130,031</b>                               |
| Recognition of Deferred Premium   |                                   |                                   | 277,900                           | 277,900                                      |
| Decrease of Deferred Premium      | (16,531)                          | (113,500)                         | (95,313)                          | (225,344)                                    |
| <b>Balance –January 31, 2019</b>  | -                                 | -                                 | <b>\$182,587</b>                  | <b>\$182,587</b>                             |

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
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**9. Provision for Flow-Through Shares**

During the year ended July 31, 2015, the Company recorded a contingent provision of \$200,000 to recognize the obligation to flow-through subscribers of the 2011 series, which was calculated using a 35% combined rate applied against the estimated CEE shortfall.

Based on the results of a CRA audit completed in March 2016 of qualified CEEs incurred during the years ended December 31, 2011 and 2012, it was determined there was a shortfall of \$227,592 and \$526,743 for the 2011 and 2012 F/T series, respectively. As a result, the total provisions for the obligations to flow-through subscribers were increased by \$64,000 during the year ended July 31, 2016.

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

| <b>Financing Series</b>  | <b>2010 F/T Series<br/>with CEE<br/>Commitments to the<br/>Calendar Year<br/>Ending<br/>December 31, 2011<br/>\$</b> | <b>2011 F/T Series<br/>with CEE<br/>Commitments to the<br/>Calendar Year<br/>Ending<br/>December 31, 2012<br/>\$</b> | <b>Total<br/>Provision</b> |
|--|--|--|----------------------------|
| <b>Balance – July 31, 2017</b>   | <b>79,500</b>  | <b>184,500</b>   | <b>264,000</b>             |
| Settlements  | (37,071)   | (116,053)  | (153,124)                  |
| <b>Balance – January 31, 2018, July 31,<br/>2018, January 31, 2019</b> | <b>42,429</b>  | <b>68,447</b>  | <b>110,876</b>             |

During the six-month period ended January 31, 2019, \$nil settlements occurred. The following settlement transactions occurred during the six-month period ended January 31, 2018:

- During the period, 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 \$137,041 in cash to settle total indebtedness of \$137,041.
- 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.

**Red Pine Exploration Inc.**  
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**10. Leasehold Inducements**

On November 4, 2013, the Company extended its office space lease agreement at 141 Adelaide Street West for five years from August 15, 2014 to August 14, 2019 with monthly lease payments of \$17,599. As part of the renewal terms of the operating lease, the Company received leasehold inducements for the period from August 15, 2014 to May 15, 2015. The lease inducement valued at \$66,343 is being amortized on a straight-line basis over the remaining term of the lease at a rate of \$15,922 per year.

The following is continuity schedule for the leasehold inducement:

|                                   | <b>Current<br/>Portion</b> | <b>Long-Term<br/>Portion</b> | <b>Lease<br/>Inducement<br/>Balance</b> |
|-----------------------------------|----------------------------|------------------------------|---|
|                                   | \$                         | \$                           | \$                                      |
| <b>Balance – July 31, 2017</b>    | <b>15,922</b>              | <b>15,923</b>                | <b>31,845</b>                           |
| Lease Inducement Amortization     | -                          | (7,961)                      | (7,961)                                 |
| <b>Balance – January 31, 2018</b> | <b>15,922</b>              | <b>7,962</b>                 | <b>23,884</b>                           |
| Lease Inducement Amortization     | -                          | (7,962)                      | (7,962)                                 |
| <b>Balance – July 31, 2018</b>    | <b>15,922</b>              | -                            | <b>15,922</b>                           |
| Lease Inducement Amortization     | (7,961)                    | -                            | (7,961)                                 |
| <b>Balance – January 31, 2019</b> | <b>7,961</b>               | -                            | <b>7,961</b>                            |



**Red Pine Exploration Inc.**  
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## **11. Share Capital**

### *a) Common Shares*

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value. January 31, 2019 the Company had 368,123,655 issued and outstanding common shares (July 31, 2018: 294,209,655). All issued and outstanding common shares are fully paid.

During the six-months ended January 31, 2019:

- The Company issued a total of 84,000 common shares upon the exercise of 84,000 common share purchase warrants at an average exercise price of \$0.05 for gross proceeds of \$4,200.
- During December 2018, the Company completed a private placement financing for gross proceeds of \$3,691,500. The Company issued 37,380,000 non-flow-through units (“Units”) and 36,450,000 flow-through shares (“FT shares”) of the Company, each priced at \$0.05. Each FT share was issued on a “flow-through” basis, as defined in the Income Tax Act (Canada). The flow through premium associated with this financing was \$277,900. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company, which is exercisable to acquire on additional common share for a period of 24 months from the issuance thereof at a price of \$0.075 per share. A total of 18,690,000 common share purchase warrant were issued with an estimated fair value of \$496,392 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.21% %, dividend yield 0%, expected stock volatility of 97%, and an expected life of 2 years. As part of the financing the Company paid Finders a cash commission of \$ 64,400 and issued 1,288,000 non-transferrable compensation options (“Compensation Options”), with each Compensation Option being exercisable into one Common Share of the Company at a price of \$0.05 for a period of 24 months from the date of closing of the Offering. The Compensation Options have an estimated fair value of \$ 23,493 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.21% %, dividend yield 0%, expected stock volatility of 97%, and an expected life of 2 years.

During the six months ended January 31 ,2018:

- 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 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.
- 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 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 if 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

### *(b) Stock Options*

The Company has a stock option plan (the “Plan”) pursuant to which the Company’s Board of Directors may grant incentive stock options to directors, officers, employees and consultants at the discretion of the Board of Directors. The exercise price and vesting period of any option is fixed by the Board of Directors on the date of grant, in accordance with applicable stock exchange or other regulatory requirements, if applicable. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares.

As at January 31, 2019, the Company had 13,238,000 fully vested stock options outstanding (January 31, 2018: 16,291,000) with exercise prices ranging from \$0.05 to \$0.50 per stock option (January 31, 2018: \$0.055 to \$0.50).

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
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During the six months ended January 31, 2019, 2,650,000 stock options were granted to directors, officers and consultants (2018: \$nil) with an estimated fair value of \$156,306 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.25% %, dividend yield 0%, expected stock volatility of 211.72% %, and an expected life of 5 years. The stock options vested immediately. In connection with the private placement done during December 2018, the Company issued 1,288,000 non-transferrable compensation options (“Compensation Options”), with each Compensation Option being exercisable into one Common Share of the Company at a price of \$0.05 for a period of 24 months from the date of closing of the Offering. The Compensation Options have an estimated fair value of \$ 23,493 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.21% %, dividend yield 0%, expected stock volatility of 97%, and an expected life of 2 years. A total of 1,040,000 options expired during the six-month period (2018: \$nil)

*(c) Warrants*

As at January 31, 2019, the Company had 113,542,708 share purchase warrants outstanding (January 31, 2018: 98,574,443) with exercise prices ranging from \$0.06 to \$0.17 per warrant (January 31, 2018: \$0.05 to \$0.25)

During the six-months ended January 31, 2019, 11,125,428 share purchase warrants expired with a fair market value of \$943,708 and 84,000 share purchase warrants were exercised for gross proceeds of \$4,200 and a fair market value of 4,166 As part of the December 2018 private placement a total of 18,690,000 common share purchase warrant were issued with an estimated fair value of \$496,392 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.21% %, dividend yield 0%, expected stock volatility of 97%, and an expected life of 2 years.

During the six-month ended January 31, 2018, 7,040,000 share purchase warrants expired with a fair market value of \$769,880 and 2,388,105 purchase warrants were for gross proceeds of \$ 226,255 and a fair market value of 135,193. In connection with the December 2017 private placement the Company issued A total of 12,360,000 common share purchase warrant were issued at an exercise price of \$0.15 with an estimated fair value of \$ 891,176 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.71% %, dividend yield 0%, expected stock volatility of 137%, and an expected life of 3 years. As part of a commission for the financing, the Company issued 1,014,000 non-transferable compensation warrants at an exercise price of \$0.105 and an estimated fair value of \$ 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 of 137%, and an expected life of 3 years. e

## **12. Commitments and Contingencies**

### **(a) 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 January 31, 2019, 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 January 31, 2019, 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:

**Red Pine Exploration Inc.****Notes to Condensed Interim Consolidated financial statements***For the six-month periods ended January 31, 2019 and 2018*

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| <b>Minimum Lease Payments</b>                | <b>January 31,<br/>2019<br/>\$</b> | <b>July 31,<br/>2018<br/>\$</b> |
|--|------------------------------------|---------------------------------|
| No later than 1 year                         | 225,347                            | 327,564                         |
| Later than 1 year, but no later than 5 years | 409,464                            | 427,469                         |
| Later than 5 years                           | -                                  | 43,560                          |
| <b>Total</b>                                 | <b>634,811</b>                     | <b>798,593</b>                  |

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**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
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**12. Commitments and Contingencies (Continued)**

**(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 flow-through expenditure commitments as of January 31, 2019:

| <b>Financing Series</b>                     | <b>2016 F/T Series</b> | <b>2017 F/T Series A</b> | <b>2017 F/T Series B</b> | <b>2018 F/T Series</b>  |
|---|------------------------|--------------------------|--------------------------|-------------------------|
| Financing Date                              | June 3, 2016           | February ,24, 2017       | December 29, 2017        | December 7, 12, 28 2018 |
| Commitment Deadline                         | December 31, 2017      | December 31, 2018        | December 31, 2018        | December 31, 2019       |
| Commitment Amount                           | \$ 1,098,000           | \$ 4,000,101             | \$ 567,500               | 1,822,500               |
| Less: Expenditures Incurred in 2016         | (98,000)               | -                        | -                        |                         |
| Less: Expenditures Incurred in 2017         | (1,000,000)            | (1,783,384)              | -                        |                         |
| Less: Expenditures Incurred in 2018         | -                      | (2,216,717)              | (567,500)                | (442,052)               |
| Less: Expenditures Incurred in 2019         |                        |                          |                          | (183,022)               |
| <b>Estimated F/T Expenditures Remaining</b> | <b>\$ -</b>            | <b>\$ -</b>              | <b>\$ -</b>              | <b>1,197,426</b>        |

The following tables sets out the flow-through expenditure commitments as of January 31, 2019 that were assumed by the Company upon the acquisition of Augustine Ventures Inc.:

| <b>Financing Series</b>                     | <b>2016 F/T Series</b> |
|---|------------------------|
| Financing Date                              | December 12, 2016      |
| Commitment Deadline                         | December 31, 2017      |
| Commitment Amount                           | \$ 500,000             |
| Less: Expenditures Incurred in 2016         | -                      |
| Less: Expenditures Incurred in 2017         | (500,000)              |
| <b>Estimated F/T Expenditures Remaining</b> | <b>\$ -</b>            |

**Red Pine Exploration Inc.**  
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### **13. Capital Management**

As at January 31, 2018, the Company had a working capital surplus of \$ 3,256,206 (July 31, 2018: 2,237,077).

There were no changes in the Company's approach to capital management during the three-month period ended January 31, 2019.

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.

**Red Pine Exploration Inc.**  
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## **14. 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 \$ 466,303 as at January 31, 2019 (July 31, 2018: \$ 563,791).

The amounts due from subtenants are subject to counterparty default risk, and total \$nil as at January 31, 2019 (July 31, 2018: \$nil).

### ***b) 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 January 31, 2019, the Company had a cash and cash equivalents balance of \$3,057,280 (July 31, 2018: \$1,943,300) to settle current liabilities of \$ 1,121,955 (July 31, 2018: \$632,027). 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.

**Red Pine Exploration Inc.****Notes to Condensed Interim Consolidated financial statements**

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**15. Subsequent Events**

- During February 2019, the Company completed a private placement financing for gross proceeds of \$50,000. The Company issued 1,000,000 non-flow-through units (“Units”) of the Company, each priced at \$0.05. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company, which is exercisable to acquire one additional common share for a period of 24 months from the issuance thereof at a price of \$0.075 per share. A total of 500,000 common share purchase warrants were issued with an estimated fair value of \$13,558 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.79% %, dividend yield 0%, expected stock volatility of 103%, and an expected life of 2 years.