



Red Pine to Acquire Remaining Interest in Wawa Gold Project, Announces Financing and Share Consolidation

Toronto, Ontario – February 23, 2021 – Red Pine Exploration Inc. (TSX-V: RPX) (“Red Pine” or the “Company”) is pleased to announce that it has entered into a definitive securities purchase agreement (the “Agreement”) with the holders of the partnership interests in Citabar Limited Partnership (“Citabar”), which will result in Red Pine consolidating a 100% ownership in the Wawa Gold Project located near Wawa, Ontario (the “Transaction”). All amounts in this press release are denominated in Canadian dollars.

Highlights:

- Red Pine to consolidate 100% ownership in the Wawa Gold Project, which has historically been subject to fragmented ownership
- Transaction to be completed based on the market-implied read-through value of Citabar’s interest
- Red Pine to conduct a private placement of subscription receipts for gross proceeds of a minimum of \$11.2 million and a maximum of approximately \$15.0 million to fund the cash consideration for the Transaction and expenses incurred and liabilities assumed in connection with the Transaction and to fund working capital and general corporate purposes (pursuant to the terms of the Transaction)
- Pursuant to the terms of the Transaction, Red Pine will also use best efforts to complete a \$5 million flow-through subscription receipt financing to aggressively explore the consolidated property, which hosts numerous historic mines and untested targets, in addition to the potential at depth
- In advance of the closing of the Transaction and the financing the Company will complete a 10:1 share consolidation
- Red Pine will strengthen its Board of Directors with the appointment of Paul Martin as Chair

Red Pine and Citabar are parties to an amended and restated joint venture agreement effective August 7, 2015 (the “Joint Venture Agreement”) in respect of the Wawa Gold Project. Red Pine holds a 63.31% interest and Citabar holds a 36.69% interest in the Wawa Gold Project.

Total aggregate consideration for the Transaction is \$12,605,396 in a combination of cash, common shares of Red Pine and the set-off of approximately \$1.1 million in amounts owed by Citabar to Red Pine. The purchase price also includes the grant to the Vendors of a 2% net smelter return royalty (“NSR”) on production from the Wawa Gold Project, of which 1.5% of the 2% NSR is subject to a buyback for a total cost of \$1.75 million. The Transaction is subject to a minimum of approximately \$8.6 million in cash and a maximum ownership by the



Vendors (as defined below) and their affiliates of 9.99% of the pro forma outstanding securities of Red Pine on a partially diluted basis. Additional details of the Transaction are provided below.

Quentin Yarie, CEO of Red Pine stated, *"Consolidating the ownership of the Wawa Gold Project has been a goal of Red Pine's since it became involved in the project in 2014. Over the years, Red Pine has worked diligently to consolidate the ownership, first through its acquisition of Augustine Ventures Inc. in 2016, and now with the acquisition of the remaining interest held by Citabar. The Red Pine shareholders can now fully benefit from the results of our ongoing exploration and delineation of both the Surluga and Minto deposits as well as other prospective gold targets."*

Acquisition Transaction Details

Pursuant to the Agreement, Red Pine will acquire all of the outstanding securities of Wawa GP Inc., the general partner of Citabar, from 874253 Ontario Limited ("874") as well as the limited partnership interest of Citabar from the estate of Bernard Sherman (the "Estate"), the sole limited partner of Citabar (the Estate and 874, the "Vendors"). Upon completion of the acquisition of Citabar, Red Pine will have consolidated 100% of the Wawa Gold Project.

Pursuant to the terms of the Agreement, the Vendors shall receive total consideration of \$12,605,396 (the "Purchase Price") comprised of:

1. a minimum of \$8,575,905 in cash (the "Minimum Cash Consideration") – at Red Pine's option, the amount of cash paid may be increased to up to 100% of the Purchase Price less the Set-Off Amount (as defined below) less the NSR (the "Optional Cash Consideration");
2. in the event that the Minimum Cash Consideration and the Optional Cash Consideration, if any, do not fully satisfy the Purchase Price less the Set-Off Amount and the NSR, the Purchase Price less the sum of the Minimum Cash Consideration, Optional Cash Consideration, Set-Off Amount and the NSR shall be satisfied by the issuance of common shares of Red Pine (the "Share Consideration") at a deemed issue price of \$0.0423, such issue price being equal to the 20-Day volume-weighted average price of Red Pine's common shares as of the date of the Agreement. If only the Minimum Cash Consideration is paid, Red Pine will issue a total of 65,376,123 common shares to the Vendors or their affiliates, subject to a maximum limit on common shareholding of the Vendors and their affiliates at 9.99% of the pro forma outstanding securities of Red Pine on a partially diluted basis. Any portion of the Purchase Price to be satisfied through the issuance of Red Pine common shares that are not able to be issued due to such maximum ownership threshold will instead be satisfied through the payment of cash consideration to the Vendors ("Additional Cash Consideration");
3. the set-off of \$1,104,081 owed by Citabar to Red Pine in connection with certain exploration activities conducted pursuant to the Joint Venture Agreement (the "Set-Off Amount") to be applied to the Purchase Price; and
4. Red Pine will grant a 2% NSR upon production from the Wawa Gold Project to an affiliate of the Vendors. The NSR is subject to certain buy-back provisions in favour of Red Pine which may be exercised at any time as follows: (i) 50% of the NSR can be bought back for \$750,000,



and (ii) a further 50% (of the remaining 1.0% NSR) can be bought back for \$1 million, such that the remaining NSR would be 0.5%.

The final relative amounts of Optional Cash Consideration and Share Consideration to be provided to the Vendors shall be determined at closing by Red Pine, in its sole discretion. However, as a condition of closing the Vendors and their affiliates shall not hold more than a total of 9.99% of the pro forma outstanding securities of Red Pine on a partially diluted basis, after giving effect to any financing, as discussed below, to be completed in connection with the Transaction.

The Agreement also provides that Red Pine must use its best efforts to raise \$5 million in flow-through funds to be spent on incurring exploration expenses on the Wawa Gold Project, as well as a further \$1.58 million for working capital and general corporate purposes (the "Best Efforts Working Capital Financing").

The Agreement includes representations and warranties of the parties customary for a transaction of this nature. The obligations of the parties to complete the Transaction is subject to the satisfaction or waiver of certain conditions precedent, including the receipt of all required TSX Venture Exchange ("TSXV") approvals, the completion of a financing to raise gross proceeds of not less than approximately \$11.2 million, the truth and accuracy of the representations and warranties of the parties and other closing conditions that are customary for transactions of this nature. The parties have also agreed to indemnify each other in the event of any inaccuracy or breach of any representation or warranty, any breach or non-performance of any covenant or for certain taxes payable. The Agreement provides for an outside date of April 15, 2021 by which the Transaction must be completed. The foregoing summary of the Agreement is qualified in its entirety by reference to the full text of the Agreement which will be filed under Red Pine's profile on www.SEDAR.com. The Transaction is currently anticipated to close during the first quarter of 2021.

Financing Details

Pursuant to the Transaction, Red Pine has entered into an agreement with Haywood Securities Inc. ("Haywood") as lead agent and sole bookrunner, on behalf of a syndicate of agents including Eventus Capital Corp. and INFOR Financial Inc. (together with Haywood, the "Agents"), in connection with a private placement financing to be completed on a "best efforts" agency basis (the "Offering"). The Offering will consist of (i) a minimum 280,000,000 subscription receipts of the Company (the "Subscription Receipts") at a price of \$0.0400 per Subscription Receipt (the "Issue Price") for minimum gross proceeds of \$11,200,000 and a maximum of 375,674,000 Subscription Receipts at the Issue Price for gross proceeds of \$15,026,960 (which maximum includes the Best Efforts Working Capital Financing); and (ii) any combination of tranche 1 flow-through subscription receipts of the Company (the



"Tranche 1 FT Subscription Receipts") and tranche 2 FT subscription receipts of the Company (the "Tranche 2 FT Subscription Receipts" and together with the Tranche 1 FT Subscription Receipts and Subscription Receipts, the "Offered Securities") at a price of \$0.0450 per Tranche 1 FT Subscription Receipt (the "Tranche 1 FT Issue Price") and \$0.0556 per Tranche 2 FT Subscription Receipt (the "Tranche 2 FT Issue Price") for gross proceeds of up to \$5 million.

Each Subscription Receipt, Tranche 1 FT Subscription Receipt, and Tranche 2 FT Subscription Receipt will be automatically converted upon satisfaction of the Escrow Release Conditions (as defined below), without payment of additional consideration, into one common share of the Company (a "Common Share"), one tranche 1 flow-through share of the Company (a "Tranche 1 FT Share") and one tranche 2 flow-through share of the Company (a "Tranche 2 FT Share"), respectively, in connection with the Transaction. Each Tranche 1 FT Share and Tranche 2 FT Share will qualify as a "flow-through share" within the meaning of such term in the *Income Tax Act (Canada)*. The Offered Securities will be issued and sold on a post-Consolidated basis (please see "Consolidation" below).

The gross proceeds of the Offering will be held in escrow pending satisfaction of the Escrow Release Conditions, including the satisfaction of conditions precedent to the completion of the Transaction (other than the payment of the cash consideration for the Transaction and those conditions which by their nature cannot be satisfied until payment of the cash consideration for the Transaction has been made). In the event that the Escrow Release Conditions are not satisfied within 20 days of the Closing Date (as defined below), the gross proceeds derived from the sale of the Offered Securities will be returned to the holders of the Offered Securities and the Offered Securities shall be cancelled.

The Escrow Release Conditions include:

- all conditions precedent to the closing of the Transaction will have been satisfied or waived (other than the payment of the cash consideration for the Transaction and those conditions which by their nature cannot be satisfied until payment of the cash consideration for the Transaction has been made);
- all required stock exchange and regulatory approvals will have been obtained;
- the Consolidation will have become effective;
- the Offering of Subscription Receipts will have provided net proceeds of no less than the Minimum Cash Consideration plus the Additional Cash Consideration, if any; and
- certain other conditions as agreed to between the Company and the Agents.

The net proceeds derived from the sale of the Subscription Receipts will be used to fund the cash consideration for the Transaction and Transaction-related fees and expenses, including the replacement of a standby letter of credit provided by an affiliate of Citabar in connection with certain reclamation obligations in respect of the Wawa Gold Project and the assumption of certain liabilities of Citabar, and, to the extent additional funds are raised in connection



with the Best Efforts Working Capital Financing, for working capital and general corporate purposes. The gross proceeds derived from the sale of the Tranche 1 FT Subscription Receipts and Tranche 2 FT Subscription Receipts will be used for "Canadian exploration expenses" that will qualify as "flow-through expenditures" within the meaning of the *Income Tax Act (Canada)* (the "Qualifying Expenditures") in connection with the mineral exploration programs of Red Pine. All Qualifying Expenditures will be renounced in favour of the subscribers of the Tranche 1 FT Shares and Tranche 2 FT Shares effective December 31, 2021.

In connection with the Offering, the Company will pay the Agents a cash commission equal to 6.0% of the gross proceeds from the Offering. The Agents will also receive compensation Subscription Receipts, which upon satisfaction of the Escrow Release Conditions, will be automatically converted into compensation options to purchase that number of Common Shares that is equal to 6.0% of the aggregate number of Offered Securities issued by the Company under the Offering at an exercise price that is equal to the Issue Price for a period of 24 months.

Pursuant to the Investor Rights Agreement between the Company and Alamos Gold Inc. ("**Alamos**") dated December 31, 2019 (please see the news release of the Company dated December 31, 2019 for further information), Alamos has indicated its interest in participating in the Offering to maintain its 19.99% partially diluted interest in the Company. Any such participation is subject to the receipt of acceptable documentation by the Company and the receipt of all required regulatory and stock exchange approvals. The participation by Alamos, if any, will be a related party transaction under applicable securities laws and any sale of securities to Alamos will only be made in accordance with applicable securities laws and stock exchange rules.

The Offering is subject to the receipt of all required regulatory approvals, including the approval of the TSXV and is expected to close on or about March 16, 2021 (the "Closing Date") or such other date as may be agreed to by the Company and Haywood, on behalf of the Agents. All of the securities issuable in connection with the Offering will be subject to a hold period expiring four months and one day after the date of issuance of the securities.

The securities offered have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This release does not constitute an offer for sale of securities in the United States.

Share Consolidation

Red Pine also announces that it will consolidate its common shares concurrently with the completion of the Transaction (the "Consolidation"). As previously announced by way of press



release dated March 11, 2020, shareholders of the Company approved a special resolution authorizing the Board of Directors to consolidate the Common Shares of the Company. The Board of Directors has confirmed the Company's intention to proceed with a one (1) new for every ten (10) old consolidation (10:1) of its Common Shares (the "Conversion Ratio"). The Company will apply to the TSXV for approval for the Consolidation. The shares will begin trading on the TSXV on a post-Consolidated basis on a date to be determined in consultation with the TSXV. Red Pine is mailing letters of transmittal (the "Letter of Transmittal") to its registered shareholders so they may submit their old certificates in order to obtain new common share certificates on a post-Consolidation basis. Registered shareholders should follow the instructions on the Letter of Transmittal in order to exchange their old pre-Consolidation share certificates for post-Consolidation share certificates. Shares held in uncertificated form by non-registered shareholders through brokerage accounts will be converted at the Conversion Ratio through each shareholder's brokerage accounts. Non-registered shareholders should consult their broker for further information. All common shares of Red Pine issued in connection with the Transaction and the Offering will be issued on a post-Consolidation basis.

Appointment of New Non-Executive Chairman

In conjunction with the transformational Transaction, Red Pine is pleased to announce that its Board of Directors (the "Board") has appointed Mr. Paul Martin as a Director and non-executive Chairman of the Company, effectively immediately.

Mr. Martin has over 30 years of mining and finance experience, including serving as CFO for Detour Gold Corporation ("Detour") from 2008 to 2014 before being appointed President and CEO of Detour from 2014 to 2019. The Detour Lake Mine is a tier 1 asset located in Ontario and was sold to Kirkland Lake Gold Ltd. for approximately \$4.9 billion in 2020.

Quentin Yarie, CEO of Red Pine stated, *"We are excited to welcome Paul Martin to our Board of Directors as we look forward to our next phase of aggressive growth at the Wawa Gold Project. We believe that the addition of Mr. Martin further validates the strong potential of the Wawa Gold Project to become the next great Ontarian gold asset."*

Changes in Management

Following a brief transition period, Quentin Yarie has made the decision to dedicate his full attention to the Wawa Gold Project. In the past year, he has resigned from two boards as well as the CEO and Chair of Honey Badger Silver Inc. Mr. Yarie announced today that he has resigned as CEO and President of MacDonald Mines Exploration Inc. ("MacDonald Mines"), effective February 28, 2021. Mr. Yarie will remain as a member of the Board of MacDonald Mines.



Red Pine also announces that Mia Boiridy has resigned as President of Red Pine effective February 28 ,2021 to pursue other career objectives. Red Pine staff and management would like to thank Mia for her time and dedication to Red Pine over the last six years. We wish her the best in her exciting new role.

Advisors and Counsel

Haywood Securities Inc. is acting as exclusive financial advisor to Red Pine with respect to the Transaction. Wildeboer Dellelce LP is acting as legal counsel to Red Pine. INFOR Financial Inc. is acting as financial advisor to the Vendors and *Davies Ward Phillips & Vineberg* LLP is acting as legal counsel to the Vendors.

Qualified Person

Quentin Yarie, P. Geo, is the qualified person responsible for preparing, supervising and approving the scientific and technical content of this news release.

About Red Pine Exploration Inc.

Red Pine Exploration Inc. is a gold exploration company headquartered in Toronto, Ontario, Canada. The Company's Common Shares trade on the TSX Venture Exchange under the symbol "RPX". Red Pine is currently focused on its Wawa Gold Project which hosts a 235,000 ounce Indicated Resource (at 5.49 g/t Au) and a 471,000 ounce Inferred Resource (at 5.40 g/t Au). The Wawa Gold Project is a 6,754 ha mineral exploration property which hosts several historic mines and is situated within Ontario's prolific Michipicoten Greenstone Belt.

For more information about the Company visit www.redpineexp.com

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