Red Pine Exploration Inc.

Audited Consolidated Financial Statements

For the Years Ended July 31, 2021 and 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Red Pine Exploration Inc.:

Opinion

We have audited the consolidated financial statements of Red Pine Exploration Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2021 and July 31, 2020, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2021 and July 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had an accumulated deficit as at July 31, 2021, which has been funded primarily by the issuance of equity. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to
enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Blair Michael Mabee.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

October 20, 2021 — Licensed Public Accountants

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

		July 31, 2021		July 31, 2020
Assets				
Current Assets				
Cash and Cash Equivalents	$	2,167,354	$	647,920
Restricted Cash (note 5)		315,000		-
Marketable Securities		2,500		2,500
Amount Receivable (note 7)		169,997		430,488
Prepaid Expenses		1,009,069		51,423
Total Current Assets		3,663,920		1,132,331
Perpetual Software Licenses (note 3)		18,204		18,204
Restricted Cash (note 6)		315,000		-
Equipment (note 3)		30,353		-
Right of Use Asset (note 4)		232,547		328,660
Leasehold Improvements (note 3)		16,732		28,769
Total Assets	**$**	**4,276,756**	**$**	**1,507,964**
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	$	301,260	$	325,223
Lease Liability (note 4)		98,538		91,682
Deferred Flow-Through Premium (note 8)		979,199		-
Asset Retirement Obligation (note 6)		290,000		-
Flow-Through Provision (note 8)		-		110,876
Total Current Liabilities		1,668,998		527,781
Rental Deposit		-		17,281
Long Term Lease Liability (note 4)		111,532		208,846
Total Liabilities		**1,780,530**		**753,908**
Shareholders' Equity				
Share Capital (note 9)		77,965,726		59,993,157
Contributed Surplus (note 9)		8,353,340		8,116,146
Warrant Reserve (note 9)		1,888,622		1,882,653
Accumulated Deficit		(85,711,462)		(69,237,900)
Total Shareholders' Equity		**2,496,226**		**754,056**
Total Liabilities and Shareholders' Equity	**$**	**4,276,756**	**$**	**1,507,964**

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

Nature of Operations and Going Concern *(note 1)*
Commitments *(note 10)*
Subsequent Event *(note 14)*

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

		Year ended July 31, 2021	Year ended July 31, 2020
Expenses			
Exploration Expenditures (note 5)	$	15,078,565	$ 3,062,800
General and Administrative		405,324	185,079
Payroll & Professional Fees (note 7)		694,386	592,746
Depreciation and Amortization (note 3 and 4)		110,930	167,232
Share-based Compensation (note 7 and 9)		255,194	-
Interest Expense (Income)		18,719	(13,908)
Lease Accretion (note 4)		19,961	25,069
Deferred Premium (note 8)		-	(72,500)
Change in Flow-through Provision (note 8)		(110,876)	-
Foreign Exchange Loss (Gain)		1,359	(738)
Total Expense		**16,473,562**	**3,945,780**
Loss and Comprehensive Loss for Year	**$**	**(16,473,562)**	**$ (3,945,780)**
Loss per share - basic and diluted	$	(0.26)	$ (0.09)
Weighted average shares outstanding		63,953,818	43,195,448

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

Red Pine Exploration Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended July 31, 2021	Year ended July 31, 2020
Operating Activities		
Loss for the Period	$ (16,473,562)	$ (3,945,780)
Adjustment for non-cash items:		
Amortization and depreciation (notes 3 and 4)	110,930	214,553
Change in flow-through provision (note 8)	(110,876)	-
Return of rental deposit	(17,281)	-
Lease accretion (note 4)	19,961	25,069
Asset retirement obligation	290,000	
Shares issued for advisory fee (note 9)	147,059	-
Shares issued for property acquisition (note 9)	45,833	
Recognition of deferred premium (note 8)	-	(72,500)
Stock-based compensation	255,194	-
Change in working capital items:		
Restricted Cash	(315,000)	-
Amount receivable	260,490	373,070
Prepaid expenses	(957,647)	37,887
Accounts payable and accrued liabilities	(23,963)	(29,276)
Net cash used in operating activities	(16,768,862)	(3,396,978)
Investing Activities		
Vehicle purchases (note 3)	(33,133)	-
Restricted cash (note 6)	(315,000)	-
Net cash (used in) investing activities	(348,133)	-
Financing Activities		
Proceeds from private placements (note 9)	20,026,806	3,779,722
Proceeds from warrant and option exercise (note 9)	139,286	-
Share issue costs (note 9)	(1,419,245)	(323,007)
Lease payments (note 4)	(110,418)	(107,814)
Net cash provided by financing activities	18,636,429	3,348,901
Cash and Cash Equivalents		
Net increase (decrease) in cash and cash equivalents	1,519,434	-48,076
Cash and cash equivalents - beginning of year	647,920	695,996
Cash and cash equivalents - end of year	$ 2,167,354	$ 647,920
Supplemental Disclosures:		
Shares issued for advisory fee	147,059	-
Shares issued for property acquisition	45,833	-

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

Red Pine Exploration Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Shares #	Share Capital $	Contributed Surplus $	Warrant Reserve $	Accumulated Deficit $	Shareholders' Equity $
Balance – July 31, 2020	**47,722,239**	**59,993,157**	**8,116,146**	**1,882,653**	**(69,237,900)**	**754,056**
Loss for the year	-	-	-	-	(16,473,562)	(16,473,562)
Private Placement	47,619,016	19,047,606	-	-	-	19,047,606
Fair value of shares - advisory	226,244	147,059	-	-	-	147,059
Fair value of shares - property acquisition	83,333	45,833	-	-	-	45,833
Cost of issue	-	(1,419,245)	-	-	-	(1,419,245)
Compensation Warrants - agent	-	(1,296,106)	-	1,296,106	-	-
Warrants Exercised	218,571	123,206	-	(13,920)	-	109,286
Stock Options Exercised	50,000	48,000	(18,000)	-	-	30,000
Share based compensation	-	-	255,194	-	-	255,194
Fair Value of Warrants Expired	-	1,276,217	-	(1,276,217)	-	-
Balance – July 31, 2021	**95,919,403**	**77,965,726**	**8,353,340**	**1,888,622**	**(85,711,462)**	**2,496,226**
Balance – July 31, 2019	**36,923,032**	**55,258,221**	**8,043,575**	**3,305,945**	**(65,292,120)**	**1,315,621**
Loss for the Year	-	-	-	-	(3,945,780)	(3,945,780)
Fair Value of Warrants Expired	-	1,955,548	-	(1,955,548)	-	-
Private Placement	10,799,206	3,779,722	-	-	-	3,779,722
Compensation Options - agent	-	(72,571)	72,571	-	-	-
Fair Value of Warrants Issued	-	(532,256)	-	532,256	-	-
Fair Value of Flow-Through Premium	-	(72,500)	-	-	-	(72,500)
Cost of Issue	-	(323,008)	-	-	-	(323,008)
Balance – July 31, 2020	**47,722,239**	**59,993,157**	**8,116,146**	**1,882,653**	**(69,237,900)**	**754,056**

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

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 July 31, 2021, the Company had cash and cash equivalents of $2,167,354 (July 31, 2020: $647,920) and an accumulated deficit of $85,711,462 (July 31, 2020: $69,237,900) and for the year ended July 31, 2021 had net cash used in operating activities of $16,768,862 (July 31, 2020: $3,396,978) which includes $12,424,132 related to the acquisition of the minority interest in the Wawa Gold project (note 5).

Effective March 15, 2021 the Company completed a one (1) new for every ten (10) old consolidation (10:1) of its Common Shares. There were 477,222,387 Common Shares outstanding; after giving effect to the Consolidation there was 47,722,239 Common Shares outstanding. The share consolidation has been applied retrospectively within the consolidated financial statements.

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 identified economically recoverable minerals. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

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. Such adjustments could be material.

2. Significant Accounting Policies

(a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance and comply 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 Consolidated Financial Statements were approved by the Board of Directors on October 20, 2021.

(b) Basis of presentation

These 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 Consolidated 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 subsidiaries, Augustine Ventures Inc., 874253 Ontario Ltd., and Wawa GP. 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 consolidated 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 Consolidated Financial Statements requires management to make judgments regarding the going concern of the Company. (Note 1)

Share-based compensation

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 9.

2. Significant Accounting Policies (continued)

(d) Significant accounting judgements and estimates (continued)

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.

Deferred taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probably that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimates. If the effect is material, provisions are determined by discounting of expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company had no material provisions at July 31, 2021 other than the asset retirement obligation.

(e) Foreign currencies

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar.

(f) Financial instruments

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest. All financial instruments are initially recognized at fair value on the statement of financial position.

2. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determined the classification of its financial liabilities at initial recognition.

Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method

Financial assets:	**IFRS 9 Classification**
Cash and cash equivalents, restricted cash	FVTPL
Amount receivable, excluding HST	Amortized cost
Marketable securities	FVTPL

Financial liabilities:	**IFRS 9 Classification**
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

Fair value hierarchy

The Company classifies its financial instruments according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Cash and cash equivalents, restricted cash and marketable securities are classified within level 1 of the fair value hierarchy.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

2. Significant Accounting Policies (continued)

(g) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations.

Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit

(h) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax will be recognized on any temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(i) Share-based payment transactions

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using an appropriate option pricing model taking into account the terms and conditions upon which the options were granted. At each period end, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are granted to non-employees and same or all goods and services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

The Company transfers to share capital the value of expired, forfeited or canceled warrants.

2. Significant Accounting Policies (continued)

(j) Asset retirement obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and charged to expenses as an exploration cost, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

(k) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares using the treasury stock method. As at July 31, 2021 and 2020 all outstanding instruments would be anti-dilutive.

(l) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

(m) Equipment

Equipment is stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to expense the cost of assets over their estimated useful live, using the straight-line method after taking into account their estimated residual values. Depreciation begins when the equipment becomes available for use. Depreciation is charged to the Consolidated Statements of Loss and Comprehensive Loss.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimated accounted for on a prospective basis. The estimated useful lives of equipment are estimated as follows:

- The Company owns all-terrain vehicles and other exploration equipment, which are depreciated on a straight-line basis over an estimated useful life of three (3) years.

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Gains and losses on disposals are determined by comparing net proceeds with carrying amounts and are included in the Consolidated Statements of Loss and Comprehensive Loss.

2. Significant Accounting Policies (continued)

(n) Leasehold Improvements

Leasehold improvements are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of the leasehold improvements over their estimated useful live, using the straight-line method. Depreciation beings when the leasehold improvements are completed. Depreciation is charged to the Consolidated Statements of Loss and Comprehensive Loss.

The estimated useful lives and depreciation method are reviewed at each reporting period, with the effect of any changes in estimated accounted for on a prospective basis. The estimated useful lives of leasehold improvements are estimated as follows:

- The Company completed leasehold improvements at its principal office space, which is depreciated on a straight-line basis over the term of the lease of seven (7) years.

The carrying values of leasehold improvements are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

(o) Software Licenses

Software licenses exceeding one year are stated at cost less accumulated amortization. Amortization is charged so as to write off the cost of the software licenses over their estimated useful live, using the straight-line method. Amortization beings when the software licenses are acquired. Amortization is charged to the Consolidated Statements of Loss and Comprehensive Loss.

The estimated useful lives and amortization method are reviewed at each reporting period, with the effect of any changes in estimated accounted for on a prospective basis. The estimated useful lives of software licenses are estimated as follows:

- The Company has acquired perpetual software licenses for exploration software packages that are amortized on a straight-line basis over an estimated useful life of five (5) years and the amortization is reported in Exploration Expenditures on the Consolidated Statements of Loss and Comprehensive Loss.

The carrying values of software licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

(p) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes income for the amount of tax reduction renounced to the shareholders. The premium is deferred and recognized as other income on the renouncement of the right to tax deductions to the investors and when eligible expenses are incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

2. Significant Accounting Policies (continued)

(q) *Lease liability, right of use assets*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has recognized right-of-use assets and lease liabilities. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term. The Company is using an incremental borrowing rate of 7.5% and is depreciating the right-of-use asset on a straight-line basis over 4.5 years (Note 4).

3. Equipment, Perpetual Software Licenses and Leasehold Improvements

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

	Equipment	Perpetual Software Licenses	Leasehold Improvements
Balance July 31, 2019	**60,832**	**18,204**	**86,297**
Additions	-	-	-
Depreciation and Amortizatior	(60,832)	-	(57,528)
Balance July 31, 2020	**-**	**18,204**	**28,769**
Additions	33,133	-	-
Depreciation and Amortizatior	(2,780)	-	(12,037)
Balance July 31, 2021	**30,353**	**18,204**	**16,732**

During the year ended July 31, 2021, the Company recognized depreciation of $14,817 (July 31, 2020 - $60,832), which is included in the Consolidated Statement of Loss and Comprehensive Loss.

4. Right of Use Asset and Lease Liability

The following table sets out the changes to the carrying value of right of use asset and lease liability:

	Year ended July 31, 2021 $	Year ended July 31, 2020 $
Right of use asset		
Balance, opening	328,660	424,853
Amortization	(96,113)	(96,193)
Balance	232,547	328,660
Lease liability		
Balance, opening	300,528	383,273
Lease accretion	19,961	25,069
Lease payments	(110,418)	(107,814)
Balance, closing	210,071	300,528
Current portion	98,538	91,682
Long term portion	111,532	208,846

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. The Company has a prepaid rent deposit totaling $41,579, which is included in the right of use asset and amortized over the term of the lease.

The undiscounted future lease payments for the office space lease are as follows:

2022	110,419
2023	110,419
2024	4,430
Total	**$ 225,267**

5. Mineral Properties

The Company has ownership interests in 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 prior to any prorated recovery from the previous joint-venture partner.

	Wawa Gold Property $	Cayenne Property $	Other Properties $	Total Properties $
Balance July 31, 2019	40,400,986	6,137,686	8,482,174	55,020,846
Property Acquisiton Costs	223,947	-	-	223,947
Exploration Expenditures	2,838,853	-	-	2,838,853
Balance – July 31, 2020	43,463,786	6,137,686	8,482,174	58,083,646
Property Acquisiton Costs (b)(d)	12,424,315	-	-	12,424,315
Exploration Expenditures (a)	2,654,250	-	-	2,654,250
Balance – July 31, 2021	58,542,351	6,137,686	8,482,174	73,162,211

During the year ended July 31, 2021:

a) The Company incurred total exploration and evaluation expenditures of $2,654,250 on the Wawa Gold property for the year ended July 31, 2021 (July 31, 2020: $2,838,853). The present value of restoration liabilities relating to the Company's Wawa gold property was estimated at $290,000 for the year ended July 31, 2021 and was recorded as an exploration and evaluation expenditure.

b) On February 22, 2021 the Company entered into a definitive securities purchase agreement with the holders (“Holders”) of the partnership interests in Citabar Limited Partnership (“Citabar”), which would result in Red Pine consolidating a 100% ownership in the Wawa Gold Project located near Wawa, Ontario through the acquisition of all of the partnership interests in Citabar (the “Transaction”). The purchase price (the “Purchase Price”) for the Transaction was $12,605,396 was payable in a combination of a minimum of $8,575,905 in cash, common shares of Red Pine, the set-off of $1,104,081 in amounts owed by Citabar to Red Pine as well as the grant to the Holders 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.

   Pursuant to the terms of the Transaction, Red Pine satisfied the Purchase Price through the payment of $11,341,315 in cash, the granting of the NSR and the set-off of $1,104,081 payable to Red Pine by Citabar. Included in the property acquisition cost is transaction costs of $797,167 for legal and advisory fees. Red Pine elected to pay more than the minimum cash payment and therefore did not issue any common shares to the Holders in connection with the Transaction. Citibar L.P. had no other assets.

   The Company has $315,000 on deposit with Citibar shown as current restricted cash which will be released upon acceptance of the Company’s financial assurance for closure, which previously was placed by Citibar, with the provincial authorities.

5. Mineral Properties (continued)

c) During the period ended January 31, 2021 and up to March 30, 2021 when the Company completed a consolidation of the Wawa Gold Project and now owns 100% of the Wawa Gold Project, the Company's joint venture partner on the Wawa Gold Project, Citibar L.P. ("Citibar") did not participate in its share of contributions.

d) On April 19, 2021 the Company entered into a definitive property purchase agreement with 2533258 ONTARIO CORP. (the "Vendor"), dated April 16th, 2021 to acquire 100% interest in additional mining claims located in the McMurray Township, Michipicoten region of Ontario. Pursuant to the agreement, Red Pine purchased from Vendor. all the rights, titles and interests in and to the mineral properties located in the Sault Ste. Marie Mining Division, for a sale price of $240,000 in cash and the issuance of 83,333 common shares with a fair-market value of $45,833.

Wawa Gold Project

This property, comprised of over 6,800 hectares, hosts several former smaller scale mining operations which is located approximately 2 kilometers east of the Town of Wawa in northern Ontario.

On March 30, 2021, the Company completed the consolidation of the Wawa Gold Project. As a result, Red Pine now holds a 100% ownership interest in the Wawa Gold Project.

As part of the 100% consolidation of the Wawa Gold Project, the Company's previous joint venture partner retained a 2% net smelter return royalty 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 Company also had to put in placed an environmental bond of $315,000 which was previously provided by Citibar L.P. Until such time as the Government of Ontario accepts the Company's environmental bond the Company has secured the current environmental bond placed by Citibar L.P. with an equivalent amount of cash.

Cayenne Property

The Cayenne property consisted of 2 cell claims (70.1 ha) 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. (See Note 14).

5. Mineral Properties (continued)

Mortimer Property

The Company has a 100% interest in a block of 12 cell claims covering approximately 284.77 ha 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.

Fern Elizabeth Property

The Company has a 100% interest in 55 cell claims covering 1,075 hectares located approximately 10 km northwest of Atikokan, Ontario.

Rand Garrison

The Company has a 100% interest in 22 cell claims covering 277 hectares located approximately 46 kilometers west of Matheson and 50 kilometers north of Kirkland Lake.

Net Smelter Royalties

The Company retains a 1.5% Net Smelter Return ("NSR") on approximately 75 square kilometers of claims 20 km east of Newmont Gold's Borden Gold project near Chapleau, Ontario. The underlying property package was sold to Probe Mines Ltd. in November 2012.

6. Asset Retirement Obligation

The present value of restoration liabilities relating to the Company's Wawa gold property was estimated at $290,000 for the year ended July 31, 2021. This amount represents the gross amount expected to incur and given the estimated timing of incurring the expenditure is less than one year, the amount has not been discounted. The amounts are subject to measurement uncertainty with respect to estimated costs and the actual timing of reclamation.

Related to the restoration liabilities, the Company was also obligated to issue a Letter of Credit in favour of the Government of Ontario which has been secured by a guaranteed investment certificate in the amount of $315,000 recorded as restricted cash and presented in long term assets on the consolidated statement of financial position as at July 31, 2021.

7. 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 consist of the CEO and CFO.

	Year ended July 31, 2021	2020
	$	$
Short term benefits (1)	212,998	372,797
Share based payments (2)	23,848	-
	236,846	372,797

(1) Includes salary and professional fees.

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

As of July 31, 2021, the following related party balances were outstanding:

Included in amounts receivable is an amount receivable of $3,512 (July 31, 2020 - $100,447) related to exploration, rent and general & administrative charges from a company with a shared director. The companies also share the services of certain senior officers along with other administrative services including office rental.

8. 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:

Financing Series	2010 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2011 $	2011 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2012 $	Total Provision
Balance – July 31, 2020 and 2019	**42,429**	**68,447**	**110,876**
Change in flow through provision	(42,429)	(68,447)	(110,876)
Balance – July 31, 2021	**-**	**-**	**-**

9. Share Capital

a) Common Shares

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value. As at July 31, 2021, the Company had 95,919,403 issued and outstanding common shares (July 31, 2020: 47,722,239). All issued and outstanding common shares are fully paid.

Effective March 15, 2021 the Company issued one (1) new for every ten (10) old consolidation (10:1) of its Common Shares. The Company will continue to trade under the symbol "RPX" on the TSX Venture Exchange (the "TSXVE"). There were 477,222,387 Common Shares outstanding; after giving effect to the Consolidation there will be approximately 47,722,239 Common Shares outstanding. All references to the number of common shares has been adjusted retrospectively for all periods disclosed in the consolidated financial statements.

On March 23, 2021, the Company completed by way of a subscription receipts financing on March 23, 2021, for gross proceeds of $20.0 million (net proceeds of $18.6 million) per the terms of a definitive securities purchase agreement to acquire the remaining 36.69% interest in the Wawa Gold Project that it did not own and to fund working capital and exploration funding. The proceeds were placed in escrow with the Company's transfer agent and were released on March 31, 2021 upon satisfaction of the escrow release conditions. On March 30, 2021, 37,567,400 subscription receipts of the Company were each automatically exercised for one common share of the Company at a price of $0.40 and 5,555,212 tranche 1 flow-through subscription receipts of the Company at a price of $0.45 (the "Tranche 1 FT Subscription Receipts") and 4,496,404 tranche 2 flow-through subscription receipts of the Company at a price of $0.556 (the "Tranche 2 FT Subscription Receipts" and together with the Tranche 1 FT Subscription Receipts, the "FT Subscription Receipts") were each automatically exercised for the right (each, a "Right") to subscribe for one common share of the Company that qualifies as "flow through" share within the meaning of the *Income Tax Act* (Canada) pursuant to subscription and renunciation agreements entered into by the Company and the subscribers of the FT Subscription Receipts following the issuance of the Rights. Following the transactions described above, a total of 47,619,016 common shares have been issued in connection with the Financing. Total gross proceeds raised was $20,026,806 with $979,199 allocated to the flow-through provision. A portion of the net proceeds of the financing were used to satisfy the cash portion of the Purchase Price of the Transaction (note 5). In connection with the financing, the Company issued compensation warrants equal to 6% of the securities sold in the Offering, or 2,825,640 compensation warrants with a fair value of $1,296,106, to the agents in the Offering with each such compensation warrant being exercisable to acquire one common share of the Company for a period of 24 months following the issuance thereof at a price of $0.40 per share and paid cash commissions of a total of $1,189,008 to the agents and share issue costs of $230,237.

In connection with the Transaction, the Company paid a cash fee of $400,000 and issued 226,244 common shares at a price of $0.65 per share for a fair value of $147,059 based on the market price on date of issuance pursuant to a financial advisory services agreement. The cash fee and common shares issued were expensed on the consolidated statement of loss and comprehensive loss for the year ended July 31, 2021.

9. Share Capital (continued)

a) Common Shares (continued)

On December 31, 2019 the Company sold an aggregate of (i) 2,589,285 units (the "FT Units") comprised of one "flow-through" common share (a "FT Share") of the Company and one-half of one non-flow-through common share purchase warrant (each whole warrant, a "Warrant") at a price of C$0.35 per FT Unit for gross proceeds of C$906,250 and (ii) 8,209,921 non-flow-through units of the Company (the "Non-FT Units" and together with the FT Units, the "Securities") with each Non-FT Unit being comprised of one common share (issued on a non-"flow-through" basis) and one whole Warrant, at a price of C$0.35 per Non-FT Unit for gross proceeds of C$2,873,472, for aggregate gross proceeds to Red Pine in the Offering of C$3,779,722. Each whole Warrant is exercisable to acquire one common share at a price of C$0.50 per share for a period of 24 months following the closing date of the Offering. Each FT Share partially comprising the FT Units has been issued on a "flow-through" basis within. A total of 9,504,564 warrants were issued with an estimated value of $532,256 using Black-Scholes model with the following assumptions: risk-free rate, 2.01%, dividend yield 0%, expected volatility of 47.82% and an expected life of 2 years. In connection with the financing, the Company issued 647,952 compensation options to the agent. Each agent compensation option is exercisable to acquire one Non-FT Unit at a price of C$0.50 per unit for a period of 24 months. The agent consideration options had an estimated value of $72,571 using Black-Scholes model with the following assumptions: risk-free rate, 2.01%, dividend yield 0%, expected volatility of 47.82% and an expected life of 2 years. The value of the flow-through share premium was $72,500 and share issuance costs were $323,008.

(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.

The following schedule details stock options outstanding as at July 31, 2021:

Expiry	Exercise Price	Outstanding July 31, 2021	Remaining life (years)	Exercisable July 31, 2021
April 6, 2022	1.20	102,500	0.68	102,500
April 11, 2022	1.20	212,800	0.70	212,800
June 20, 2022	0.60	546,250	0.89	546,250
August 10, 2023	0.60	159,000	2.03	159,000
April 14, 2026	0.73	2,470,000	4.71	205,833
Balance, July 31, 2021	0.75	3,490,550	3.62	1,226,383

9. Share Capital (continued)

(b) Stock Options (continued)

Below is a summary of changes to stock options for the period ended July 31, 2021:

	Number		Weighted average exercise price
Outstanding, July 31, 2020	1,718,250	$	0.72
Granted	2,470,000		0.73
Exercised	(50,000)		0.60
Cancelled	(460,200)		0.85
Expired	(187,500)		0.55
Outstanding, July 31, 2021	3,490,550	$	0.75

On April 14, 2021 a total 2,470,000 stock options were granted to certain directors, officers, and employees of the Company. Each option vest 1/36 on each month starting one month from grant date until the number of stock options are fully vested. The fair value of the 2,470,000 options granted was $856,801. The options have been valued using Cox, Ross, and Rubenstein binomial tree with the following assumptions: expected dividend yield of 0%; share price of $0.72; expected volatility of 60.43%; risk free rate of .95% and a forfeiture rate of 2%. The stock options have been expensed for the year ended July 31, 2021 in accordance with the vesting schedule.

Below is a summary of changes to stock options for the year ended July 31, 2020:

	Number		Weighted average exercise price
Outstanding, July 31, 2019	1,826,250	$	1.10
Granted	-		-
Exercised	-		-
Expired	(108,000)		5.00
Outstanding, July 31, 2020	1,718,250	$	0.72

9. Share Capital (continued)

c) Warrants

Below is a summary of changes to warrants for the period ended July 31, 2021:

	Number		Weighted average exercise price
Outstanding, July 31, 2020	13,537,716	$	0.63
Granted	2,825,640		0.40
Exercised	(218,571)		0.50
Expired	(3,385,200)		1.02
Outstanding, July 31, 2021	12,759,585	$	0.48

On March 23, 2021, in connection with the share offering, a total of 2,825,640 were issued to the agents. The fair value of the 2,825,640 warrants granted was $1,296,106. The warrants have been valued using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.76; expected volatility of 75.83%; risk free rate of 0.25% and an expected life of 2 years.

Below is a summary of changes to warrants for the year ended July 31, 2020:

	Number		Weighted average exercise price
Outstanding, July 31, 2019	7,040,993	$	1.34
Granted	10,152,516		0.50
Exercised	-		-
Expired	(3,655,793)		1.63
Outstanding, July 31, 2020	13,537,716	$	0.63

10. Commitments

Flow through shares

As part of the March 2021 financing, the Company committed to incur, on a best-efforts basis, by December 31, 2022, $4,999,845 in qualifying resource expenditures pursuant to a private placement for which flow-through proceeds have been received. As at July 30, 2021, the Company had incurred $1,737,056 and has an expenditure commitment of $3,262,789 remaining.

The Company committed to incur, on a best-efforts basis, by December 31, 2020, $906,250 in qualifying resource expenditures pursuant to a private placement for which flow-through proceeds have been received. The Company filed its renunciation forms in December 2019. As at July 31, 2020, the Company had incurred its expenditure commitment and recognized a deferred premium of $72,500 in the consolidated statements of loss and comprehensive loss.

During the year ended July 31, 2021, the Company recorded a change in flow-through provisions of $110,876 resulting in a nil balance in obligations to flow-through subscribers for the years ended December 31, 2011 and 2012.

10. Commitments (continued)

The Company has commitments under its office space lease as disclosed in note 4.

11. Capital Management

As at July 31, 2021, the Company had a working capital surplus of $1,994,922 (July 31, 2020: $604,550) and an accumulated deficit of $85,711,462 (July 31, 2020: $69,237,900) and for the year ended July 31, 2021 had net cash used in operating activities of $16,768,862 (July 31, 2020: $3,396,978).

There were no changes in the Company's approach to capital management during the year ended July 31, 2021.

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’s investment policy is to invest excess cash in 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 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 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.

The Company is not subject to any externally imposed capital requirements other than flow-through spending commitments (note 8).

12. 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 period:

a) Credit risk

The Company's credit risk is the risk of counterparty default on cash and cash equivalents and restricted cash 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 amount receivable is primarily HST due from the Canadian government.

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 July 31, 2021, the Company had a cash and cash equivalents balance of $2,167,354 (July 31, 2020: $647,920) to settle current liabilities of $1,668,998 (July 31, 2020: $527,781).

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available. Refer to going concern note 1.

c) Market risk

- Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and quoted prices.

- Interest rate risk: The Company has cash balances and no interest-bearing debt and was not exposed to interest rate risk. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As a result, the Company's exposure to interest rate risk is minimal

- Foreign currency risk: The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the assets or liabilities of the Company.

- Price risk: The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

13 Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (July 31, 2020 – 26.5%) to the effective tax rate is as follows:

	Year ended July 31, 2021 $	**Year ended July 31, 2020 $**
Net loss for the year before income taxes	(16,473,562)	(3,945,780)
Expected income tax (recovery) expense	(4,365,490)	(1,045,630)
Share based compensation	67,790	-
Effect of flow-through renunciation	1,325,000	240,160
Share issuance cost book directly to equity	(719,550)	(111,220)
Changes in tax benefits not recognized	3,692,250	916,690
Income tax (recovery) expense	**-**	**-**

Deferred Tax

The following table summarizes the components of deferred tax:

	Year ended July 31, 2021 $	**Year ended July 31, 2020 $**
Deferred tax assets		
Lease liability	55,670	79,640
Share issuance costs	5,950	7,450
Deferred tax liabilities		
Right-of-use asset	(61,620)	(87,090)
Net deferred tax asset	**-**	**-**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

13 Income Taxes (continued)

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Year ended July 31, 2021 $	Year ended July 31, 2020 $
Non-capital losses	21,671,940	19,117,350
Exploration expenditures	23,239,480	13,592,220
Capital losses carried forward	1,025,360	1,025,360
Share issuance costs	2,552,680	725,440
Property, plant and equipment	525,460	510,640
Flow-through provision	-	110,880
Investment tax credits	19,550	19,550
	49,034,470	**35,101,440**

The Canadian non-capital loss carry forwards expire as noted in the table below. The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue costs will be fully amortized by 2025. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not be recognized in respect of these items because it is not probable that future taxable profit will be available which the group can utilize the benefits therefrom.

The Company’s Canadian non-capital income tax losses expire as follows:

2026	350,400
2027	573,700
2028	696,960
2029	633,780
2030	1,008,250
2031	1,395,460
2032	1,250,040
2033	676,860
2034	944,570
2035	832,750
2036	1,864,780
2037	2,390,860
2038	2,979,430
2039	1,779,730
2040	1,717,230
2041	2,577,140
	$ 21,671,940

14 Subsequent Event

On August 20, 2021, Red Pine Exploration Inc. announced the execution of a definitive agreement with Newton Gold Corp. (“Newton”) to sell all of Red Pine’s rights, title and interest to Newton in the Algoma-Talisman gold prospective property (the “Property”), located in Newton Township, Ontario. The Transaction will allow Red Pine to focus its efforts on its 100%-owned Wawa Gold Project.

The purchase price is CAD $1,050,000, payable by Newton to Red Pine as follows:

(a) CAD $550,000 payable on signing of the Transaction;
(b) CAD $500,000 payable on or before December 31, 2021. In addition, Newton will grant a net smelter royalty of 1.5% (the “Royalty”) from mineral production on the Property to Red Pine, which can be repurchased by Newton for CAD $500,000.