Red Pine Exploration Inc.

Audited Consolidated Financial Statements

For the Years Ended July 31, 2020 and 2019

(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 subsidiary (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2020 and July 31, 2019, 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, 2020 and July 31, 2019, 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 as at July 31, 2020, the Company had a working capital surplus of $604,550 and an accumulated deficit of $69,237,900, and for the year ended July 31, 2020, had net cash used in operating activities of $3,396,978. 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

November 18, 2020 — Licensed Public Accountants

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

		July 31, 2020		July 31, 2019
Assets				
Current Assets				
Cash and Cash Equivalents	$	647,920	$	695,996
Marketable Securities		2,500		2,500
Amount Receivable (note 6)		430,488		803,559
Prepaid Expenses		51,423		89,310
Total Current Assets		1,132,331		1,591,365
Equipment (note 3)		-		60,832
Perpetual Software Licenses (note 3)		18,204		18,204
Right of Use Asset (note 4)		328,660		-
Leasehold Improvements (note 3)		28,769		86,297
Long Term Rent Deposits (note 4)		-		41,579
Total Assets	**$**	**1,507,964**	**$**	**1,798,277**
Liabilities				
Current Liabilities				
Accounts Payable and Accured Liabilities	$	325,223	$	354,499
Lease Liability (note 4)		91,682		-
Flow-Through Provision (note 7)		110,876		110,876
Total Current Liabilities		527,781		465,375
Rental Deposit (note 9)		17,281		17,281
Long Term Lease Liability (note 4)		208,846		-
Total Liabilities		**753,908**		**482,656**
Shareholders' Equity				
Share Capital (note 8)		59,993,157		55,258,221
Contributed Surplus		8,116,146		8,043,575
Warrant Reserve (note 8)		1,882,653		3,305,945
Accumulated Deficit		(69,237,900)		(65,292,120)
Total Shareholders' Equity		**754,056**		**1,315,621**
Total Liablities and Shareholders' Equity	**$**	**1,507,964**	**$**	**1,798,277**

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

Nature of Operations and Going Concern *(note 1)*
Commitments *(note 9)*
Subsequent Event *(note 13)*

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

		Year ended July 31, 2020		Year ended July 31, 2019
Expenses				
Exploration Expenditures (note 3 and 5)	$	3,062,800	$	4,842,553
General and Adminstrative (note 6 and 9)		185,079		714,811
Payroll & Professional Fees (note 6)		592,746		476,631
Depreciation and Amortization (note 3)		167,232		108,305
Share-based compensation (note 6)		-		384,887
Interest Income		(13,908)		(9,638)
Lease accretion (gain) (note 4)		25,069		-
Deferred Premium		(72,500)		(407,931)
Foreign Exchange Loss (Gain)		(738)		2,062
Recovery of Exploration Expenditures (note 5)		-		(1,131,634)
Total Expense		**3,945,780**		**4,980,046**
Loss and Comprehensive Loss for Period	**$**	**(3,945,780)**	**$**	**(4,980,046)**
Loss per share - basic and diluted	$	(0.01)	$	(0.01)
Weighted average shares outstanding		431,954,481		369,230,322

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, 2020	Year Ended July 31, 2019
Operating Activities		
Loss for the Year	$ (3,945,780)	$ (4,980,046)
Adjustment for non-cash items:		
Amortization of lease inducements	-	(15,922)
Amortization and depreciation	167,232	108,305
Amortization included in exploration expenditures	47,321	8,100
Lease accretion	25,069	-
Share-based compensation	-	384,887
Recognition of deferred premium	(72,500)	(407,931)
Change in working capital items:		
Amount receivable	373,070	(508,444)
Amount receivable from joint-venture partners	-	563,791
Prepaid expenses	37,887	(24,912)
Accounts payable and accrued liabilities	(29,276)	(20,699)
Net cash used in operating activities	(3,396,978)	(4,892,871)
Financing Activities		
Proceeds from private placements	3,779,722	3,741,500
Proceeds from warrant and option exercise	-	11,200
Repayment of lease obligations	(107,814)	-
Share issue costs	(323,007)	(107,133)
Net cash provided by financing activities	3,348,901	3,645,567
Cash and Cash Equivalents		
Net decrease in cash and cash equivalents	(48,076)	(1,247,304)
Cash and cash equivalents - beginning of year	695,996	1,943,300
Cash and cash equivalents - end of year	$ 647,920	$ 695,996

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, 2019	**369,230,323**	**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	107,992,064	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	**477,222,387**	**59,993,157**	**8,116,146**	**1,882,653**	**(69,237,900)**	**754,056**
Balance – July 31, 2018	**294,209,655**	**46,361,624**	**7,658,688**	**8,834,875**	**(60,312,074)**	**2,543,113**
Loss for the year	-	-	-	-	(4,980,046)	(4,980,046)
Warrants Exercised	190,668	11,200	-	-	-	11,200
Fair Value of Warrants Exercised	-	17,552	-	(17,552)	-	-
Fair Value of Warrants Expired	-	5,891,593	-	(5,891,593)	-	-
Share-Based Compensation	-	-	384,887	-	-	384,887
Private Placement	74,830,000	3,741,500	-	-	-	3,741,500
Fair Value of Warrants Issued	-	(356,097)	-	356,097	-	-
Fair Value of Flow-Through Premium	-	(277,900)	-	-	-	(277,900)
Cost of Issue	-	(107,133)	-	-	-	(107,133)
Fair Value of Finder fee Options	-	(24,118)	-	24,118	-	-
Balance – July 31, 2019	**369,230,323**	**55,258,221**	**8,043,575**	**3,305,945**	**(65,292,120)**	**1,315,621**

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, 2020, the Company had a working capital surplus of $604,550 (July 31, 2019: $1,125,990) and an accumulated deficit of $69,237,900 (July 31, 2019: $65,292,120) and for the year ended July 31, 2020 had net cash used in operating activities of $3,396,978 (July 31, 2019: $4,892,871).

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 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.

Theses 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 November 18, 2020.

(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 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 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 8.

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 7 and 8.

2. Significant Accounting Policies (continued)

(d) Significant accounting judgements and estimates (continued)

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.

(e) Foreign currencies

The presentation currency of the Company and the functional currency of the Company and its subsidiary 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.

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	FVTPL
Amount receivable, excluding HST	Amortized cost
Marketable securities	FVTPL
Financial liabilities:	**IFRS 9 Classification**
Accounts payable and accrued liabilities	Amortized cost

2. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

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, 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.

(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.

2. Significant Accounting Policies (continued)

(h) Income taxes (continued)

Deferred tax is 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 the Black-Scholes 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.

(j) Asset retirement obligation

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, provides guidance relating to asset retirement obligations. 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.

As at July 31, 2020 and 2019, the Company had no asset retirement obligations.

(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 As at July 31, 2020 and 2019 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.

2. Significant Accounting Policies (continued)

(m) Equipment

Equipment is stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful live, using the straight-line method after taking into account their estimated residual values. Depreciation beings 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 Company owns office furniture and equipment, which are depreciated on a straight-line basis over an estimated useful life of seven (7) 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.

(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 new 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.

2. Significant Accounting Policies (continued)

(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 as the expenditure incurs, and the related deferred tax is recognized as a tax provision.

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.

statements.

New Accounting Pronouncement - IFRS 16 (leases)

On August 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as at August 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of accumulated deficit. The associated right-of-use assets will be measured at the lease liabilities amount plus rent deposits. The Company also used the practical expedient to not recognize right-of-use assets and lease liabilities for leases that have a remaining term of twelve months or less at the date of adoption, as well as leases of low value.

The following is the accounting policy for leases as of August 1, 2019 upon adoption of IFRS 16:
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.

2. Significant Accounting Policies (continued)

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 recognize 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).

Operating lease commitment as at July 31, 2019 as disclosed in the consolidated financial statements	$	471,029
Discounted using the incremental borrowing rate at August 1, 2019		(60,227)
Short term leases		(27,529)
Lease liability recognized at August 1, 2019	$	383,273

3. Equipment, Software and Leasehold Improvements

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

	Vehicle Equipment	Exploration Equipment	Office Equipment	All Equipment
Balance July 31, 2018	67,743	65,727	16,490	149,960
Acquisitons	-	-	-	-
Depreciation	(41,014)	(45,135)	(2,979)	(89,128)
Balance July 31, 2019	**26,729**	**20,592**	**13,511**	**60,832**
Acquistion	-	-	-	-
Depreciation	(26,729)	(20,592)	(13,511)	(60,832)
Balance July 31, 2020	**-**	**-**	**-**	**-**

During the year ended July 31, 2020, the Company recognized depreciation of $60,832 (July 31, 2019 - $89,128), of which $47,321 (July 31, 2019 - $8,100) has been recorded in exploration expenditures on the Consolidated Statement of Loss and Comprehensive Loss.

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

	Software Licenses	Leasehold Improvements
Balance July 31, 2018	**26,304**	**105,474**
Amortization	(8,100)	(19,177)
Balance July 31, 2019	**18,204**	**86,297**
Additions	-	-
Amortization	-	(57,528)
Balance July 31, 2020	**18,204**	**28,769**

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, 2020 $	Year ended July 31, 2019 $
Right of use asset		
Balance, opening	424,853	-
Amortization	(96,193)	-
Balance, closing	**328,660**	**-**
Lease liability		
Balance, opening	383,273	-
Lease accretion	25,069	-
Lease payments	(107,814)	-
Balance, closing	**300,528**	**-**
Current portion	91,682	-
Long-term portion	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.

5. Mineral Properties

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.

	Wawa Gold Property	Cayenne Property	Other Properties	Total Properties
	$	$	$	$
Balance July 31, 2018	35,558,433	6,137,686	8,482,174	50,178,293
Property Acquisition Costs	298,228	-	-	298,228
Exploration Expenditures	4,544,325	-	-	4,544,325
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

During the year ended July 31, 2020:

a) The Company incurred total exploration and evaluation expenditures of $2,838,853 on the Wawa Gold property for the year ended July 31, 2020 (July 31, 2019: $4,544,325).

b) During the year ended July 31, 2020, the Company's joint venture partner on the Wawa Gold Project, Citibar L.P. ("Citibar") did not participate in its share of contributions, contributing $nil (July 31, 2019 - $1,131,634). Citabar's participating interest in the project will be decreased proportionately based on a predetermined formula for its non-participation in its share of contributions down to a minimum of 25% at which point further provisions are triggered to account for their non-contribution. Their interest will be diluted further from the current 34.5% ownership interest as at July 31, 2020.

c) The Company recorded an expected credit loss against the receivable from Citabar for the full carrying amount of the receivable of $630,981 for the year ended July 31, 2019. The write off was recorded net of recovery of exploration expenditures on the Consolidated Statements of Loss and Comprehensive Loss. The Company did not recover any exploration expenditures during the year ended July 31, 2020.

Wawa Gold Project

As at July 31, 2020, 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.

5. Mineral Properties (continued)

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 Ministry of Natural Resources Ontario 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.

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 consist of the CEO and CFO.

	Years ended July 31, 2020 $	2019 $
Short term benefits (1)	372,797	293,875
Share based payments (2)	-	236,554
	372,797	530,429

(1) Includes salary and professional fees.

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

As of July 31, 2020, the following related party balances were outstanding:

Included in amounts receivable is an amount of $100,447 (July 31, 2019, amount receivable: $716,645) related to exploration, rent and general & administrative charges from companies under common management. The Companies share the services of certain senior officers along with other administrative services including office rental.

Insiders of the Company acquired a total of 5,546,427 units in the financing that closed December 31, 2019 (note 8).

7. 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, 2017	**79,500**	**184,500**	**264,000**
Settlements	(37,071)	(116,053)	(153,124)
Balance – July 31, 2018, 2019 and 2020	**42,429**	**68,447**	**110,876**

During the year-ended July 31, 2020, $nil settlements occurred (July 31, 2019 - $nil).

8. 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, 2020, the Company had 477,222,387 issued and outstanding common shares (July 31, 2019: 369,230,322). All issued and outstanding common shares are fully paid.

On December 31, 2019 the Company sold an aggregate of (i) 25,892,850 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$0.035 per FT Unit for gross proceeds of C$906,250 and (ii) 82,099,214 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$0.035 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$0.05 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 95,045,639 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 6,479,523 compensation options to the agent. Each agent compensation option is exercisable to acquire one Non-FT Unit at a price of C$0.05 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.

During the year ended July 31, 2019 the Company issued a total of 190,668 common shares upon the exercise of 190,668 common share purchase warrants at an average exercise price of $0.059 for gross proceeds of $11,200.

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 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 500,000 common share purchase warrant were issued with an estimated fair value of $10,794 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.

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 $345,302 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 broker warrants ("Broker Warrants"), with each Broker Warrant 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 Broker Warrants have an estimated fair value of $24,118 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.

8. Share Capital (continued)

(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.

All outstanding stock options vested immediately upon issuance.

The following is a continuity schedule of stock options outstanding from July 31, 2019 to July 31, 2020:

Expiry	Exercise Price	Outstanding July 31 2019	Granted	Exercised	Expired or Cancelled	Outstanding July 30, 2020
February 25, 2020	0.500	1,080,000	-	-	(1,080,000)	-
August 27, 2020	0.055	1,875,000	-	-	-	1,875,000
April 5, 2021	0.080	150,000	-	-	-	150,000
April 6, 2022	0.120	2,475,000	-	-	-	2,475,000
April 11, 2022	0.120	3,420,000	-	-	-	3,420,000
February 9, 2021	0.070	300,000	-	-	-	300,000
August 10, 2023	0.060	2,650,000	-	-	-	2,650,000
June 20, 2022	0.060	6,312,500	-	-	-	6,312,500
December 31, 2021	0.050	-	6,479,523	-	-	6,479,523
Total	0.072	18,262,500	6,479,523	-	(1,080,000)	23,662,023

No stock options were granted during the year ended July 31, 2020.

The following is a continuity schedule of stock options outstanding from July 31, 2018 to July 31, 2019:

Expiry	Exercise Price	Outstanding July 31 2018	Granted	Exercised	Expired or Cancelled	Outstanding July 31, 2019
December 18, 2018	$ 0.500	490,000	-	-	(490,000)	-
February 25, 2020	$ 0.500	1,080,000	-	-	-	1,080,000
August 27, 2020	$ 0.055	1,875,000	-	-	-	1,875,000
April 5, 2021	$ 0.080	450,000	-	-	(300,000)	150,000
April 6, 2022	$ 0.120	2,725,000	-	-	(250,000)	2,475,000
April 11, 2022	$ 0.120	3,420,000	-	-	-	3,420,000
February 9, 2021	$ 0.070	300,000	-	-	-	300,000
June 20, 2022	$ 0.060	-	6,312,500			6,312,500
August 10, 2023	$ 0.060	-	2,650,000	-	-	2,650,000
Total	$ 0.110	10,340,000	8,962,500	-	(1,040,000)	18,262,500

During the year ended July 31, 2019, 8,962,500 stock options were granted to directors, officers and consultants. On June 20, 2019, 6,312,500 stock options were granted to directors, officers and consultants with an estimated fair value of $228,582 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.45%, dividend yield 0%, expected stock volatility of 107% , and an expected life of 3 years. The stock options vested immediately. On August 10, 2018, 2,650,000 stock options were granted to directors, officers and consultants with an estimated fair value of $156,350 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate of 2.25%, dividend yield 0%, expected stock volatility of 211.72%, and an expected life of 5 years. The stock options vested immediately upon issuance.

8. Share Capital (continued)

c) Warrants

The following is a continuity schedule for the warrants outstanding from July 31, 2019 to July 31, 2020

Expiry	Exercise Price	Outstanding July 31 2019	Issued	Expired or Cancelled	Outstanding July 31, 2020	Fair Value July 31, 2020
September 2, 2019	0.066	121,600	-	(121,600)	-	-
December 13, 2019	0.171	3,800,000	-	(3,800,000)	-	-
February 24, 2020	0.170	21,168,666	-	(21,168,666)	-	-
April 7, 2020	0.072	198,429	-	(198,429)	-	-
May 3, 2020	0.072	6,080	-	(6,080)	-	-
December 29, 2020	0.150	12,360,000	-	-	12,360,000	893,163
December 29, 2020	0.105	1,014,000	-	-	1,014,000	77,020
April 6, 2020	0.095	736,842	-	(736,842)	-	-
April 6, 2020	0.150	10,526,316	-	(10,526,316)	-	-
December 19, 2020	0.075	2,380,000	-	-	2,380,000	45,843
December 20, 2020	0.075	6,170,000	-	-	6,170,000	124,050
December 21, 2020	0.075	5,200,000	-	-	5,200,000	104,547
December 28, 2020	0.075	4,940,000	-	-	4,940,000	70,861
February 11, 2021	0.075	500,000	-	-	500,000	10,796
December 12, 2020	0.050	105,000	-	-	105,000	1,942
December 12, 2020	0.050	910,000	-	-	910,000	16,835
December 19, 2020	0.050	7,000	-	-	7,000	181
December 19, 2020	0.050	32,200	-	-	32,200	834
December 7, 2020	0.050	163,800	-	-	163,800	3,030
December 12, 2020	0.050	70,000	-	-	70,000	1,295
December 31, 2021	0.050	-	95,045,639	-	95,045,639	532,256
Total	0.060	70,409,933	95,045,639	(36,557,933)	128,897,639	1,882,653

8. Share Capital (Continued)

The following is a continuity schedule for the warrants outstanding from July 31, 2018 to July 31, 2019

Expiry	Exercise Price	Outstanding July 31 2018	Issued	Exercised	Expired or Cancelled	Outstanding July 31, 2019	Fair Value July 31, 2019
August 13, 2018	0.050	162,000	-	(84,000)	(78,000)	-	-
August 13, 2018	0.100	2,208,186	-	-	(2,208,186)	-	-
August 20, 2018	0.050	165,000	-	-	(165,000)	-	-
August 20, 2018	0.100	1,375,000	-	-	(1,375,000)	-	-
August 28, 2018	0.100	200,000	-	-	(200,000)	-	-
September 2, 2018	0.099	2,033,333	-	-	(2,033,333)	-	-
September 2, 2018	0.099	5,065,909	-	-	(5,065,909)	-	-
February 9, 2019	0.066	2,888,000	-	-	(2,888,000)	-	-
February 9, 2019	0.066	1,994,544	-	(106,667)	(1,887,877)	-	-
February 9, 2019	0.132	5,327,165	-	-	(5,327,165)	-	-
February 17, 2019	0.250	20,000	-	-	(20,000)	-	-
February 24, 2019	0.135	3,412,889	-	-	(3,412,889)	-	-
February 25, 2019	0.066	520,177	-	-	(520,177)	-	-
February 25, 2019	0.066	3,847,521	-	-	(3,847,521)	-	-
April 7, 2019	0.105	1,789,457	-	-	(1,789,457)	-	-
April 8, 2019	0.105	16,695,601	-	-	(16,695,601)	-	-
May 5, 2019	0.105	2,144,121	-	-	(2,144,121)	-	-
June 3, 2019	0.100	5,343,800	-	-	(5,343,800)	-	-
June 24, 2019	0.105	937,500	-	-	(937,500)	-	-
September 2, 2019	0.066	121,600	-	-	-	121,600	15,793
December 13, 2019	0.170	3,800,000	-	-	-	3,800,000	478,985
February 24, 2020	0.170	21,168,666	-	-	-	21,168,666	908,531
April 7, 2020	0.072	198,429	-	-	-	198,429	26,318
May 3, 2020	0.072	6,080	-	-	-	6,080	808
December 29, 2020	0.150	12,360,000	-	-	-	12,360,000	891,156
December 29, 2020	0.105	1,014,000	-	-	-	1,014,000	77,020
April 6, 2020	0.095	736,842	-	-	-	736,842	37,165
April 6, 2020	0.150	10,526,316	-	-	-	10,526,316	489,955
December 19, 2020	0.075		2,380,000	-	-	2,380,000	45,843
December 20, 2020	0.075		6,170,000	-	-	6,170,000	124,050
December 21, 2020	0.075		5,200,000	-	-	5,200,000	104,547
December 28, 2020	0.075		4,940,000	-	-	4,940,000	70,861
February 11, 2021	0.075		500,000	-	-	500,000	10,796
December 12, 2020	0.050		105,000	-	-	105,000	1,942
December 12, 2020	0.050		910,000	-	-	910,000	16,835
December 19, 2020	0.050		7,000	-	-	7,000	181
December 19, 2020	0.050		32,200	-	-	32,200	834
December 7, 2020	0.050		163,800	-	-	163,800	3,030
December 12, 2020	0.050		70,000	-	-	70,000	1,295
Total	**$ 0.13**	**106,062,136**	**20,478,000**	**(190,667)**	**(55,939,535)**	**70,409,933**	3,305,945

9. Commitments

(a) Lease and Sublease Commitments

The Company had 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 received sublease payments for the period from March 1, 2015 to March 1, 2020. The sublease payments are recognized as a reduction of General and Administrative expenses on the Consolidated Statements of Loss and Comprehensive Loss. A security deposit totalling $17,281 representing the last months rent was received from the subtenant and was reported as a long-term liability on the Consolidated Statements of Financial Position. As the sublease agreement has now expired, the rental deposit repaid representing the last months rent.

(b) Flow through shares

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 the qualifying resource expenditures of $906,250 and recognized the deferred premium of $72,500 in the Consolidated Statements of Loss and Comprehensive Loss.

10. Capital Management

As at July 31, 2020, the Company had a working capital surplus of $604,550 (July 31, 2019: $1,125,990), net cash used in operating activities of $3,396,978 (July 31, 2019: $4,892,871) and an accumulated deficit of $69,237,900 (July 31, 2019: $65,292,120).

There were no changes in the Company's approach to capital management during the year ended July 31, 2020.

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 (note 9).

11. 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 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 and receivables from related parties (see note 6).

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, 2020, the Company had a cash and cash equivalents balance of $647,920 (July 31, 2019: $695,996) to settle current liabilities of $527,781 (July 31, 2019: $465,375).

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 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 period-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.

12 Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (July 31, 2029 – 26.5%) to the effective tax rate is as follows:

	Year ended July 31, 2020 $	Year ended July 31, 2019 $
Net loss for the year before income taxes	(3,945,780)	(4,980,046)
Expected income tax (recovery) expense	(1,045,630)	(1,319,710)
Tax rate changes and other adjustments	-	(1,085,200)
Share based compensation and non-deductible expenses	-	(5,230)
Effect of flow-through renunciation	240,160	482,960
Share issuance cost book directly to equity	(111,220)	-
Changes in tax benefits not recognized	916,690	1,927,180
Income tax (recovery) expense	**-**	**-**

Deferred Tax

The following table summarizes the components of deferred tax:

	Year ended July 31, 2020 $	Year ended July 31, 2019 $
Deferred tax assets		
Lease liability	79,640	-
Share issuance costs	7,450	-
Deferred tax liabilities		
Right-of-use asset	(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.

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, 2020 $	Year ended July 31, 2019 $
Non-capital losses	19,117,350	17,400,060
Exploration expenditures	13,592,220	11,824,660
Capital losses carried forward	1,025,360	1,025,360
Share issuance costs	725,440	838,320
Property, plant and equipment	510,640	371,630
Flow-through provision	110,880	110,880
Investment tax credits	19,550	19,550
	35,101,440	**31,590,460**

12 Income Taxes (continued)

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 2024. The investment tax credits expire from 2025 to 2031. 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:

2025	$ 73,060
2026	389,840
2027	574,180
2028	705,220
2029	658,810
2030	1,776,870
2031	1,523,950
2032	875,540
2033	591,660
2034	953,460
2035	948,830
2036	3,478,930
2037	1,946,310
2038	1,123,670
2039	1,779,730
2040	1,717,290
	$ 19,117,350

13 Subsequent Event

Novel Coronavirus ("COVID-19")

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.