



**RED PINE EXPLORATION INC.**

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**Management's Discussion and Analysis**

For the Year Ended July 31, 2022  
(Expressed in Canadian Dollars)

(dated: October 26, 2022)

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**Red Pine Exploration Inc.  
Management's Discussion and Analysis  
For the Year Ended July 31, 2022**

**INTRODUCTION**

The following management discussion and analysis ("MD&A") is intended to help the reader understand Red Pine Exploration Inc.'s (the "Company", "we" or "our"), operations, financial performance and present and future business environment. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto as at and for the year ended July 31, 2022 (the "**Financial Statements**").

**BASIS OF PRESENTATION**

This MD&A and the Financial Statements have been prepared in Canadian dollars ("CAD" or "\$"), unless otherwise indicated, and in accordance with International Financial Reporting Standards ("IFRS"). For the purposes of preparing our MD&A, we consider the materiality of information. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity. Information is considered material if: (i) it would significantly alter the total mix of information available to investors; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares.

This MD&A and the accompanying Financial Statements were approved by the Company's Board of Directors on October 26, 2022.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

**CORPORATE PROFILE**

**HIGHLIGHTS**

• **Wawa Gold Project activities:**

**Technical Report for the Wawa Gold Project**

On August 18, 2021 the Company updated its National Instrument 43-101 Technical Report for the Wawa Gold Project (the “Technical Report”, ”), including updates to the ownership structure, land position, additional drilling and surface exploration results as well as positive results from metallurgical test work.

- Highlights of the metallurgical study included:
  - ✓ CIL cyanidation and gravity recoverable gold average of 90.3% for representative blends of the gold bearing mineralization forming the bulk of the resource of the Surluga Deposit.
  - ✓ Flotation and gravity recoverable gold average of 93.3% for the localized domains of arsenopyrite-dominant mineralization in the Surluga Deposit.
  - ✓ CIL cyanidation and gravity recoverable gold average of 95.4% for Minto mineralization forming the Minto Mine South deposit and locally present in the Surluga Deposit.

The positive response of Surluga and Minto Mine South mineralization to conventional, industrially proven processes provides flexibility for project definition, design, and potential treatment of respective material types.

- In this update, the Wawa Gold Project Mineral Resource estimate remained unchanged:

Deposit	Resource Category	Tonnes (000’s)	Au Grade (g/t)	Contained Gold (000 Ozs)
Surluga	Indicated	1,202	5.31	205
Minto Mine South	Indicated	105	7.50	25
<b>Total</b>	<b>Indicated</b>	<b>1,305</b>	<b>5.47</b>	<b>230</b>
Surluga	Inferred	2,362	5.22	396
Minto Mine South	Inferred	354	6.60	75
<b>Total</b>	<b>Inferred</b>	<b>2,716</b>	<b>5.39</b>	<b>471</b>

- The QPs recommend a drill program to potentially expand the extents of the Surluga and Minto South deposits by drilling along strike and down-dip in the Jubilee and Minto Mine South shear zones

**Update on its FY2022 Drilling Campaign**

- 39,800 metres drilled in year ended July 31, 2022
  - ✓ approximately 10,900 metres drilled from August through December 2021
  - ✓ approximately 28,900 meters drilled from January through July 2022, or approximately 3,900 metres more than the 25,000 metres planned for the period.
- The exploration results continue to support the expansion of current resources and the potential for additional centres of mineralization within the Wawa Gold Project.
- The overall objective of the drill campaign was to test the theory that gold mineralization is present in the geological structures formed into an intrusive complex outside of the footprints of the resources currently estimated into the Minto Mine and Surluga deposits. The recent drill results represent an important step forward in the Company’s progress of

expanding the current resources. Recent drilling results indicate that gold mineralization of significance is extending far beyond the current footprints of the existing resources adding credence to our theory that the Wawa Gold Corridor has the potential to host a much larger resource. Results to date, including drilling highlights referred to below, suggest a large, continuous corridor of mineralization hosting mineralization/ deposits that extend over at least 6 km in strike length.

Drilling Highlights:

- ✓ Sadowski Zone and other quartz vein networks overlying the Jubilee Shear Zone - High-grade assay results received from the 2022 drilling in the up-dip extension of the Sadowski zone:
  - 52.12 g/t gold over 2.29 m (core length) in SD-21-350 including 162.52 g/t gold over 0.30 m and 145.20 g/t gold over 0.41 m (see news release of May 16, 2022).
  - New and shallow network of mineralized quartz veins discovered in SD-22-379A with visible gold observed in two separate veins (assay pending)
- ✓ Surluga Deposit
  - Surluga North
    - High-grade mineralization occurs up to 325 metres (m) away from the current resource boundary in the Surluga North area with the zone open down-dip and longitudinally north and south
    - Intersection of 11.06 g/t gold over 4.00 meters, including 20.80 g/t gold over 2.00 meters, in the Surluga North discovery (See news release of September 6, 2022)
    - SD-22-337 intersected 8.44 g/t gold over 4.28 m (TW) 260 m down-dip of the current resource (see news release of May 16, 2022)
    - Discovery of the Surluga North Vein Network with significant intersections in SD-22-321 of 8.46 g/t Au over 6.42 m (core length, see news release of March 30, 2022) between 219.79 and 226.21 m and SD-22-326 that intersected 11.19 g/t Au over 2.61 m (core length, see news release of April 19, 2022).
  - Surluga South
    - Observation of visible gold in a quartz vein in the Jubilee Shear Zone in SD-22-379A that is located at the outer edge of the Surluga South discovery indicating that the mineralization in the Jubilee Shear Zone (JSZ) continues to depth (assays pending)
    - SD-21-312A intersected 8 g/t Au over 10.35 m (TW) approximately 500 m down-plunge from the current boundary of the deposit (see news release of April 19, 2022)
- ✓ Jubilee Shear Zone south of the Parkhill Fault
  - Zones of quartz veining of variable intensity associated with sulfide mineralization are being consistently observed in the holes completed in the Jubilee Shear Zone south of the Parkhill Fault.
  - 2022 drilling confirmed the JSZ over an additional strike length of 1.8 km – for a total of more >6 km of the gold bearing structure.
  - Discovery of 42.95 g/t Au over 1.92 metre, including 85.72 g/t over 0.96 metre, in the Jubilee Shear Zone south of the Parkhill Fault in JS-22-368 (see news release of September 6, 2022)

- Gold mineralization in JS-22-387 in the Jubilee Shear Zone located 1.2 km north of JS-22-368.
- ✓ Minto Mine South Deposit
  - Discovery of significant mineralization outside the footprints of the Minto Mine South Deposit in SD-21-298A that intersected 109.37 g/t gold over 2.68 metres (un-cut and true width) including 314 g/t gold over 0.84 metre (see news release of September 2, 2021).
  - Intersection of 17.49 g/t Au over 5.82 meters (core length), including 50.12 g/t Au over 1.93 meter in a gap in the current resource of the Minto Mine South Deposit in SD-22-377 (see news release of September 1, 2022).
  - Intersection of 68.71 g/t Au over 4.72 meters (core length) including 231.5 g/t Au over 1.06 meter in SD-22-373 in a gap in the current resource of the Minto Mine South Deposit (see news release of July 14, 2022)  
Intersection of 21.10 g/t Au over 3.25 meters (core length), including 44.63 g/t Au over 1.25 meter, in the Minto Stockwork surrounding the Minto Vein in SD-22-373 (see news release of September 1, 2022).
- **Financing – September 29, 2022 - Gross Proceeds \$5,518,160:**
  - **Bought Deal \$5,000,000 plus over-allotment of \$518,159** - Closed a bought deal financing, including partial exercise of the over-allotment option, comprised of (i) 7,693,000 common shares of the Company (the “Offered Shares”) at a price of C\$0.26 per Offered Share (the “Offered Share Price”), and (ii) 11,726,599 flow-through common shares of the Company (the “FT Shares” and together with the Offered Shares, the “Offered Securities”) at a price of C\$0.30 per FT Share, for aggregate gross proceeds to the Company of C\$5,518,159.70 (the “Offering”).
  - **Alamos Gold Inc. (“Alamos”)** – Alamos exercised its right to maintain its pro rata ownership interest of the Company’s common shares on a partially diluted basis, purchasing 3,846,153 Offered Shares. Alamos owns and controls 26,560,536 common shares of the Company, representing approximately 19.4% of the issued and outstanding common shares of the Company on an undiluted basis.
- **Financing – November/December 2021 - Gross Proceeds \$12,700,219:**
  - **Bought Deal \$8,400,405** - On November 18, 2021, the Company closed a private placement (the consisting of 12,923,700 flow-through shares of the Company (the “FT Shares”, at a price of C\$0.65 per FT Share, such FT Shares qualifying as “flow-through shares” (within the meaning of subsection 66(15) of the Income Tax Act (Canada)), for aggregate gross proceeds of C\$8,400,405. All qualifying Canadian exploration expenditures (“CEE”) were renounced in favour of the subscribers of the FT Shares effective December 31, 2021.
  - **Warrants Exercised \$4,299,814** – 8,599,623 warrants were exercised in November and December 2021, resulting in 8,599,623 common shares issued at \$0.50/share for gross proceeds of \$4,299,814. The number of warrants exercised represents 86.5% of the warrants otherwise expiring on December 31, 2021 demonstrating strong support from the Company’s shareholders, including Alamos Gold Inc. which exercised 5,299,525 warrants for \$2,649,762.
- **Sale of the Algoma-Talisman Property**
  - Received \$1,050,000 from Newton Gold Corp. (\$550,000 in August and \$500,000 in October 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 \$500,000.
- **Environmental, Social Governance (‘ESG’) Report**
  - The Company, on March 14, 2022, announced the publication of its inaugural 2021 ESG Report and it can be found at <https://www.redpineexp.com/reports>.
  - Red Pine’s 2021 ESG Report highlights process, policies and procedures adopted by the Company during the past years and provides future benchmarks and goals for improvement,

## **OUTLOOK**

- **Primary Business Objectives**

The Corporation’s primary business objectives in FY2023 include:

  - Completing the evaluation of its 2022 drilling campaign results, which includes 33,540 metres drilled from January 1 to September 30, 2022;
  - Continuing drilling at between approximately 1,200 to 1,500 metres per month through April 2023;
  - Advancing other exploration and evaluation activities to grow the mineral resource potential of the Wawa Gold Project. The drill program is expected to be focused on areas which have the potential to expand the current Surluga and Minto South mineral resources.
- **Company Growth and Funding**
  - The Company expects to utilize the data generated by its fiscal year ending July 31, 2022 (“FY2022”) drilling campaign to develop alternative drilling programs that may be initiated in 2023, subject to available financing.
  - The Company continues to have capital markets support, as demonstrated by the success of the \$5.5 million raised in September 2022, and Alamos’ participation therein.
  - The Company plans to seek additional funding in the fiscal year ending July 31, 2023 to extend and/or expand the drilling campaign and analysis.

## **Qualified Person**

Quentin Yarie, P.Geo, the Company’s President and Chief Executive Officer is the Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information disclosed in this MD&A.

## **COMPANY OVERVIEW**

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’s common shares are listed for trading on the TSX Venture Exchange (“TSXV”) under the symbol “RPX” and on the OTCQB Marketplace under the symbol “RDEXF”.

Red Pine is a Canadian junior precious metal exploration company engaged in the acquisition, exploration, and development of mineral properties with a particular focus on gold exploration projects located in northern Ontario. The Company’s flagship asset is the Wawa Gold Project. (See Wawa Gold Project)

The Company's mineral properties are currently in the exploration stage, and it does not operate any mines. The Company does not generate operating revenues, nor does it plan to pay dividends in the foreseeable future. Its continued operations are dependent upon the ability of the Company to obtain financing for the continued exploration of its mineral properties. The Company has not determined through a feasibility study whether the Wawa Gold Project, or any other mineral property, contains mineralization that is economically recoverable.

## **Overview of Projects**

### **Wawa Gold Project**

The Wawa Gold Project covers over 7,132 hectares, including 308 claims covering 4,950 ha.; 17 leases covering 790 ha; and 102 patents covering 1,392 ha. The Wawa Gold Project hosts several former smaller scale mining operations with a combined historic production of 419,560 tonnes with a recovered 120,093 oz of gold at an average head grade of 9.04g/t<sup>1</sup>, is located approximately 2 kilometres east of the Town of Wawa in northern Ontario.

The property hosts two NI 43-101 compliant resources<sup>2</sup>, Surluga and Minto South, with an indicated gold resource of 230,000 gold ounces grading 5.47 g/t and an inferred resource of 471,000 gold ounces grading 5.39 g/t and presently forms the primary focus of the Company's exploration programs.

On March 30, 2021, Red Pine Exploration Inc., completed a consolidation of the Wawa Gold Project through a definitive securities purchase agreement with the holders of the partnership interests in Citabar Limited Partnership. As a result, Red Pine acquired the 36.69% interest that it did not own, and now holds a 100% ownership interest in the Wawa Gold Project.

Red Pine satisfied the purchase price of the partnership interest of \$12.6 million through the payment of \$11.3 million in cash, the granting of a 2% net smelter return royalty (the "NSR") valued at \$160,000 and the set-off of a \$1.1 million payable to Red Pine by the vendors 1.5% of the 2% NSR is subject to a buyback for a total cost of \$1.75 million.

On June 8, 2021 the Company completed the property purchase agreement to acquire 100% interest in the "War Eagle" mining claims located within the perimeter of the Company's Wawa Gold Project claims. Red Pine purchased all the rights, titles and interests in and to the mineral claims for \$240,000 in cash and the issuance of 83,333 common shares at closing, for an aggregate cost of \$266,000.

### **Other Properties**

The Company holds claims in various other properties which have not been the focus of the Company's exploration programs in recent years. The other properties, each owned 100% by the Company, are summarized as follows:

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<sup>1</sup> This information is historical in nature and has not been verified by the Company

<sup>2</sup> National Instrument 43-101 Technical Report for the Wawa Gold Project, Steven Haggarty, P.Eng Haggarty Technical Services Corp., effective August 18, 2021. The report is available on [www.SEDAR.com](http://www.SEDAR.com) under Red Pine's profile.

<sup>3</sup> The previous owners of the Mortimer Property 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



	<b>Number of Claims &amp; Leases</b>	<b>Hectares</b>	<b>Northern Ontario Location</b>
Cayenne Property	5	133	Genoa Township, approximately 110 km southwest of Timmins, ON
Mortimer Property <sup>(3)</sup>	21	284	Dore Township, approximately 110 km southwest of Timmins, ON
Fern Elizabeth Property	55	1,089	10 km northwest of Atikokan, ON
Rand Garrison Property	22	277	46 km north of Kirkland Lake, ON
Totals	103	1,783	

The Company also holds Net Smelter Return royalties on the following properties:

- a 1.5% Net Smelter Return on approximately 75 square kilometers of claims 20 km east of the Newmont Borden Gold mine near Chapleau, Ontario;

### **Exploration Program**

In the year ended July 31, 2022 the Company's drilling campaign generated 39,795 metres drilled, or 14,795 metres more than the Technical Report's initial recommendation of 25,000 (Phase 1 drilling as defined in the Technical Report). The additional drilling was funded by the November 2021 financing and the warrant exercises in November and December 2021. The Company's exploration team successfully identified drill targets within the project worthy of continued exploration and leveraged the productivity of its drilling contractors to expand the drilling campaign. Significant drilling results from the drilling campaign are included in the 'Highlights' section above.

The FY2022 exploration drilling program on the Wawa Gold Project tested the northern and southern depth extensions of the Surluga Deposit, the lateral and down-dip extension of the Minto Mine South Deposit, the Grace-Nyman mineralized system and the Jubilee Shear Zone south of the Parkhill Fault. Drilling in the southern end of the Surluga Deposit is concurrently testing the extensions of the Minto Mine South Deposit, the newly discovered Sadowski Gold Zone and the Surluga South discovery hosted in the Jubilee Shear Zone.

In the Surluga South area, high-grade intersects in the Surluga South discovery (hole SD-21-312A) confirmed additional gold (Au) mineralization at depth with 8 g/t Au over 10.35 m (TW) between 640.69 and 652.07 m, including three high grade intersections of 57.99 g/t Au, 15.92 g/t Au and 9.33 g/t Au. In the Surluga North area, SD-21-337 intersected 8.44 g/t gold over 4.28 m (TW) in the Jubilee Shear Zone 260 m down-dip of the current resource and 150 metres NNE of the intersection of 18.21 g/t gold over 1.95 m (TW) and 3.90 g/t gold over 4.47 m (TW) in SD-21-308 (see new release of January 21, 2022). The intersections and exploration results in the Surluga North area continues to indicate the potential to expand the resource of the Surluga deposit and the existence of a third high-grade zone in the JSZ parallel to the two high-grade zones that are currently forming the resource of the Surluga deposit. In addition, the Surluga North hole SD-22-321 expanded the footprints of gold mineralization outside the Jubilee Shear Zone with the identification of the Surluga North Vein Network and the intersection of 8.46 g/t Au over 6.42 m (core length) between 219.79 and 226.21 m. SD-22-326 intersected 11.19 g/t Au over 2.61 m (core length) in the Surluga North Vein Network.

The Company's drilling also resulted in the discovery of the down-dip extension of the Minto Vein in the Minto Mine Shear Zone in hole SD-21-297A, and the discovery of significant mineralization in the Minto Vein in hole SD-21-298A that intersected 109.37 g/t gold over 2.68 metres (un-cut and true width) including

314 g/t gold over 0.84 metre. Drilling has also identified significant zones of gold mineralization in gaps in the current resource of the Minto Mine South Deposit in holes SD-22-373 and SD-22-377 that respectively intersected 68.71 g/t Au over 4.72 meters (core length) and 17.49 g/t Au over 5.82 meters (core length).

The exploration results continue to support the expansion of the current resources of the Wawa Gold Project along strike, dip and plunge.

### **SELECTED FINANCIAL INFORMATION AND RESULTS OF OPERATIONS**

The Company, in accordance with TSXV policy 2.4, is a Tier 2 mining issuer. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its exploration and evaluation expenditures and administrative expenses.

During the year ended July 31, 2022, the Company continued the process to advance its exploration and evaluation of its Wawa Gold Project. A summary of significant activities since July 31, 2021, including the progress of the drill campaign underway in 2022, is included above in the 'Highlights' section.

The following table provides select financial information that should be read in conjunction with the Financial Statements and the audited financial statements for the years ended July 31, 2022 and July 31, 2021. The table includes the impact of the change in accounting policy as described in the 'Significant Accounting Policies' section below.

<b>For Quarters ended:</b>	<b>Jul. 31, 2022</b>	<b>Apr. 30, 2022</b>	<b>Jan. 31, 2022</b>	<b>Oct. 31, 2021</b>
	\$	\$	\$	\$
<b>Results of Operations:</b>				
Exploration expenditures	4,612,216	3,603,629	2,595,754	1,704,717
Exploration property (sale) and acquisition	266,000	-	-	(1,050,000)
Loss and comprehensive loss	(3,870,093)	(3,554,936)	(2,884,544)	(787,194)
Basic and diluted loss per share	(0.03)	(0.03)	(0.03)	(0.01)
<b>Financial Position – Select Items:</b>				
Cash and cash equivalents	2,824,620	6,318,944	10,155,019	1,347,713
Working capital (deficit) <sup>(1)</sup>	2,011,651	5,656,261	8,976,478	1,691,858
Total assets	4,410,718	8,411,047	12,359,666	3,455,477
Total non-current liabilities	-	31,599	58,310	84,543
Shareholders' equity	2,738,334	6,459,489	9,832,474	2,186,210

For Quarters ended:	Jul. 31, 2021 \$	Apr. 30, 2021 \$	Jan. 31, 2021 \$	Oct. 31, 2020 \$
<b>Results of Operations:</b>				
Exploration expenditures	1,983,531	12,528,980	181,221	384,833
Loss and comprehensive loss	(2,357,454)	(12,894,682)	(384,159)	(505,145)
Basic and diluted loss per share	(0.02)	(0.20)	(0.01)	(0.01)
<b>Financial Position – Select Items:</b>				
Cash and cash equivalents	2,167,354	4,921,710	137,335	310,378
Working capital (deficit) <sup>(1)</sup>	2,327,044	5,656,261	(287,723)	82,181
Total assets	4,276,756	6,635,265	591,782	877,023
Total non-current liabilities	111,532	152,795	175,100	184,874
Shareholders' equity	2,828,348	4,373,155	(135,247)	248,911

*(1) Working capital is a non-GAAP measure equal to current assets less current liabilities.*

The Company's exploration expenditures in the year ended July 31, 2022 were \$11,466,316 compared to the year ended July, 2021 of \$15,078,565. In March 2021, the Company completed a financing that enabled it to consolidate 100% ownership of the Wawa Gold Project through the March 2021 acquisition of Citabar Limited Partnership's interest for a gross cost of \$12,424,315. The Company also used the financing proceeds to complete the National Instrument 43-101 Technical Report for the Wawa Gold Project dated August 18, 2021 (the "Technical Report"). As at the date of the Technical Report, the QP recommended a 25,000 metre drill program with a total cost of \$6,275,000 to potentially expand the extents of the Surluga and Minto South deposits by drilling along strike and down-dip in the Jubilee and Minto Mine South shear zones.

In November and December 2021, the Company received gross proceeds of approximately \$12,700,219 from a bought deal for flow through shares of \$8,400,405 and the exercise of warrants for \$4,299,814. The additional funding allowed the Company to extend its drilling program beyond the initial 25,000 meters as recommended in the Technical Report. The Company drilled approximately 39,795 metres in the year ended July 31, 2022 and an additional 3,685 metres from August 1 through September 20, 2022, resulting in 43,480 metres drilled as reported in the Short Form Prospectus dated September 20, 2022.

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 Project \$	Other Properties \$	Total Properties \$
<b>Balance, July 31 2020</b>	43,463,786	14,619,680	58,083,646
Property acquisition costs	12,424,315	-	12,424,315
Exploration expenditures	2,654,250	-	2,654,250
<b>Balance, July 31, 2021</b>	<b>58,542,351</b>	<b>14,619,680</b>	<b>73,162,211</b>
Property acquisition costs	266,000	-	266,000
Property sales	-	(1,050,000)	(1,050,000)
Exploration expenditures	11,466,316	-	11,466,316
<b>Balance, July 31, 2022</b>	<b>70,274,667</b>	<b>13,569,860</b>	<b>83,844,527</b>

The following table summarizes the exploration expenditures:

<b>Exploration Expenditures</b>	<b>Year Ended July 31, 2022 \$</b>	<b>Year Ended July 31, 2021 \$</b>
Camp and other costs	892,581	447,047
Closure costs, including asset retirement obligations	47,307-	335,645
Compensation	2,004,874	558,786
Drilling, assays and analysis	7,568,853	821,685
Equipment costs	663,285	213,503
Land management	289,415	277,584
<b>Exploration Expenditures Totals <sup>(1)</sup></b>	<b>11,466,316</b>	<b>2,654,250</b>

<sup>(1)</sup> Excludes property acquisitions and sales

The average cost of the drilling, assays and analysis was \$190.20 per metre drilled (\$7,568,853/ 39,795m), excluding the cost of the Company's staff, camp and other expenses. Total exploration expenditures averaged \$288.13 per metre drilled.

Camp and other costs were higher in FY2022 compared to the prior year due to increased staffing levels for the Company and its drilling contractors, which increased camp operating costs such as utilities, food and maintenance.

Compensation costs increased in FY2023 primarily due to higher allocation of management time to exploration and increased costs for geologists to manage the increased volume of planning, core, assays and analysis generated by the higher volume of drilling compared to the prior year.

Equipment costs increased on site in order to support the increased drilling activity, which required additional access roads, road maintenance, and drill sit support.

Land management costs increased due to the MacKay Point Pit closure costs of \$47,307 in excess of the \$290,000 estimate included in the asset retirement obligation at July 31, 2021, which were partially offset by lower land management consulting fees.

In August 2021, the Company completed its Algoma-Talisman property sale for \$1,050,000 in cash and the grant of a net smelter royalty of 1.5% (the "Royalty"). The Royalty may be repurchased by the property's buyer for \$500,000.

Operating Expense Discussion (excluding exploration)

The Company's operating expenses are summarized below:

<b>Operating Expenses</b>	<b>Year Ended July 31, 2022</b>	<b>Year Ended July 31, 2021</b>
Amortization	\$ 361,978	\$ 110,930
Gain on disposal of equipment	(30,626)	-
Exploration expenditures	11,466,316	2,654,250
Exploration property sales and acquisitions	(784,000)	12,424,315
Foreign exchange loss (gain)	535	1,359
General and administrative	1,008,959	405,324
Lease accretion	10,658	19,961
Payroll and professional fees	775,886	694,386
Share-based compensation	599,971	255,194
<b>Total operating expense</b>	<b>\$ 13,409,677</b>	<b>\$ 16,565,719</b>

Amortization expenses increased by approximately \$251,000 from FY2021 to FY2022 primarily due to amortization related to FY2023 camp building additions of approximately \$415,000 and equipment additions of approximately \$60,000.

The gain on disposal of equipment was from insurance proceeds for a vehicle accident and write-off.

General and administrative expenses comprise of the following:

<b>General &amp; Administrative Expenses</b>	<b>Year Ended July 31, 2022</b>	<b>Year Ended July 31, 2021</b>
Insurance	\$ 107,335	\$ 47,786
Investor relations	709,098	249,145
Office and IT	69,422	25,481
Regulatory fees	113,004	80,666
Travel	10,099	2,246
<b>Total General &amp; Administrative</b>	<b>\$ 1,008,959</b>	<b>\$ 405,324</b>

Insurance costs increases of approximately \$59,600 from the prior year related primarily to increases in directors and officer insurance (\$9,400), vehicle (\$10,000), WSIB (\$33,300) and property and other coverages (\$6,900).

Investor relations (“IR”) expenses increased by \$460,000 compared to the prior year consistent with the Company’s strategy to increase investor awareness and support for the significant investment in the exploration drilling campaign. The Company increased internal IR spending by \$93,000 and entered into a number of third-party agreements for marketing and communications activities and participated in additional conferences, which increased spending by \$351,000. Spending on investor outreach and other activities increased by \$16,000 to approximately \$50,000 in FY2022. Going forward, the Company plans to reduce IR spending, which will include not renewing certain third-party agreements.

Regulatory fees increased by approximately \$32,300 due to higher fees related to the increased value of shares outstanding and the new listing on the OTCQB exchange.

Corporate travel fees increased by \$7,900 related to increased financing and other administrative activities.

Lease accretion expenses decreased as scheduled based on the Toronto lease expiring in 2023.

Payroll and professional fees increased by approximately \$81,000 due in part to severance payments to a former officer and modest staff compensation increases.

Share based compensation increased due to the impact of the standard option vesting period of 1/36 over 36 months from the date of the grant and the combination of the number of options granted in April 2021 and in January 2022.

## **LIQUIDITY AND CAPITAL RESOURCES MANAGEMENT**

The Company manages capital through its financial and operational forecasting processes. The Company’s capital management objectives, policies and processes remained unchanged from the year ended July 31, 2021.

As at July 31, 2022, the Company had cash of \$2,824,62 (July 31, 2021: \$2,167,354) and for the year ended July 31, 2022 used net cash in operating activities of \$10,873,978 (year ended July 31, 2021: \$15,732,742). During the year ended July 31, 2022, the Company incurred \$11,466,316 in exploration expenditures, spent \$266,000 to acquire mining claims and generated cash of \$1,050,000 from the sale in August 2021 of the Talisman-Algoma property for \$1,050,000. Comparatively, in FY2021, the Company incurred \$2,654,250 in exploration expenditures and \$12,424,315 in property acquisitions.

On September 29, 2022 the Company closed a bought deal financing, including partial exercise of the over-allotment option, comprised of (i) 7,693,000 common shares of the Company (the “Offered Shares”) at a price of C\$0.26 per Offered Share (the “Offered Share Price”), and (ii) 11,726,599 flow-through common shares of the Company (the “FT Shares” and together with the Offered Shares, the “Offered Securities”) at a price of C\$0.30 per FT Share, for aggregate gross proceeds to the Company of C\$5,518,159.70.

On November 18, 2021, the Company closed a private placement (the consisting of 12,923,700 flow-through shares of the Company (the “FT Shares, at a price of C\$0.65 per FT Share, such FT Shares qualifying as “flow-through shares” (within the meaning of subsection 66(15) of the Income Tax Act (Canada)), for aggregate gross proceeds of C\$8,400,405. All qualifying Canadian exploration expenditures (“CEE”) were renounced in favour of the subscribers of the FT Shares effective December 31, 2021.

During November and December 2021, 8,599,623 warrants were exercised, resulting in 8,599,623 common shares issued at \$0.50/share for gross proceeds of \$4,299,812. The number of warrants exercised represents 86.5% of the warrants otherwise expiring on December 31, 2021, demonstrating strong support from the Company's shareholders, including the Alamos Gold Inc. exercise of 5,299,525 warrants for \$2,649,762.

### **SHARE CAPITAL AS AT OCTOBER 26, 2022**

The Company's issued and outstanding shares increased from July 31, 2022, as a result of the financing completed on September 29, 2022. The issued and outstanding common shares status is summarized below:

	As at	Common Shares
Issued and outstanding as at	July 31, 2022	117,442,720
Financing closed on	September 29, 2022	19,419,599
Issued and outstanding as at	<b>October 25, 2022</b>	<b>136,862,319</b>

The Company's outstanding warrants increased from July 31, 2022 as a result of the financing completed on September 29, 2022. The issued and outstanding common shares status is summarized below:

	Warrants Outstanding	Weighted Average Exercise Price
Warrants expiring on March 23, 2023	2,825,640	\$0.40
Warrants expiring on November 18, 2023	775,422	\$0.50
<b>Balance, July 31, 2022</b>	<b>3,601,062</b>	<b>\$0.42</b>
Financing closed on September 29, 2022	1,165,175	\$0.26
<b>Balance at October 25, 2022</b>	<b>4,766,237</b>	<b>\$0.38</b>

### **MARKET TRENDS**

The Company's future financial performance is dependent on many external factors including the markets for precious metals. The markets for these commodities are volatile and difficult to predict as they are impacted by many factors including international political, social and economic conditions and the COVID-19 pandemic. These conditions, combined with volatility in the capital markets, could materially affect the future financial performance of the Company.

### **OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS**

The Company does not have any off-balance sheet arrangements, including any arrangements that would affect the liquidity, capital resources, market and credit risk support or other benefits.

### **RISK FACTORS**

The Company's principal activity of mineral exploration and development is considered to be very high risk and the mining industry in general is intensely competitive in all its phases. Companies involved in this industry are subject to many and varied types of risks, including but not limited to, environmental,

commodity prices, political and economic. Additional capital will be required to fund continuing operations and advance the exploration and development activities at the Wawa Gold Project and for other prospective properties.

The Company's risk factors are consistent with those disclosed and referred to in the Company's Annual Information Form for the year ended July 31, 2021 and filed June 14, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's Short Form Prospectus dated September 20, 2022 and filed on SEDAR.

The Company has not entered into any specialized financial arrangements to minimize its investment risk, currency risk or commodity risk.

An investment in the Common Shares is highly speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and its business, prospects, financial position or operating results. Prospective investors should carefully consider the risk factors detailed below when contemplating a purchase of the Common Shares. Although the Company has attempted to ensure the list is as comprehensive as possible, prospective investors should note the list cannot be exhaustive of all possible risk factors associated with an investment in the Common Shares or in connection with its operations. Such risks relate to, among others:

- The Corporation's Ability to Continue as a Going Concern;
- Uncertainty Relating to Mineral Resources;
- Exploration Stage Corporation;
- Exploration, Mining Operations and Insurance;
- Commodity Prices;
- Additional Capital Requirements;
- Aboriginal Land Claims;
- COVID-19 Coronavirus Outbreak;
- Government Regulation, Permits and Licenses;
- Environmental Risks and Hazards and Permitting;
- Title to Property;
- Price Volatility;
- Competition;
- Information Technology and Social Media;
- Military Conflict in Ukraine;
- Climate Change;
- Legal and Accounting Requirements and Risk of Non-Compliance;
- Expense of Compliance with Changing Corporate Governance Regulations;
- Reliance on Management and Consultants;
- Dependence on Good Relations with Employees;
- Litigation;
- Dividend Policy;
- Conflicts of Interest;
- Accounting Policies and Internal Controls; and
- Other Risks Related to the Offering.

Should one or more of the foregoing risks or uncertainties, or a risk or event not contemplated by or known to the Company at this time, materialize, or should the underlying assumptions of the Company's business



prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

The risk factors are described as follows:

*The Company's Ability to Continue as a Going Concern*

The independent auditor's report on the Company's audited financial statements and the notes thereto and the auditors' report thereon for the financial year ended July 31, 2021 contains explanatory language that substantial doubt exists about the Company's ability to continue as a going concern. Due to the Company's lack of operating history and present inability to generate revenues, it has sustained operating losses since its inception. If the Company is unable to obtain sufficient financing as required or achieve profitability, then it would, in all likelihood, experience severe liquidity problems and may have to curtail or terminate its operations. If the Company curtails its operations, it may be placed into bankruptcy or undergo liquidation or sale, the result of which will adversely affect the value of the Common Shares.

*Uncertainty Relating to Mineral Resources*

The Company currently has only established mineral resources relating to the Wawa Gold Project. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Due to the uncertainty which may be attached to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured or indicated mineral resources or ultimately mineral reserves as a result of continued exploration.

*Exploration Stage Company*

The Company is in the exploration stage and does not operate any producing mines. The Company is engaged in the business of exploring its properties. Although management believes the Wawa Gold Project has sufficient merit to justify focusing the Company's limited resources on it, the Company will in consequence be exposed to some heightened degree of risk due to the lack of property diversification. Due to the challenging nature of mineral exploration, the Company has not generally approached its mineral exploration programs with a fixed budget or fixed expectations. The Company re-visits every activity as appropriate on an ongoing basis and adjusts its exploration programs based on numerous factors including but not limited to the type of rock, geology, geochemistry, drill hole deviation and assay results it encounters during exploration activities and adjusts its models accordingly. Development of the Wawa Gold Project will only follow upon obtaining satisfactory results from the ongoing exploration program and any subsequent work and studies that may be required. There can be no assurance that any of the Company's planned exploration activities on the Wawa Gold Project will ever lead to an economically viable minable resource.

*Exploration, Mining Operations and Insurance*

Company's activities on the Wawa Gold Project are exploratory in nature and therefore subject to a significant degree of risk. Exploration and mining operations generally involve a high degree of risk which even a combination of careful evaluation, experience and knowledge may not reduce or eliminate. While the discovery of a mineral body may result in substantial rewards, few properties which are explored are

ultimately developed into producing mines. Major expenses may be required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices (which are highly cyclical), and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company's exploration activities are subject to all of the hazards and risks normally encountered in mineral exploration. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, water inflows, fires and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, equipment breakdowns, employee sickness, labour disputes, political unrest and theft. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, equipment and production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. At the present time, the Company does not insure against such risks; even if it were to obtain such insurance in the future, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

#### *Commodity Prices*

The price of the Company's securities, its financial results, and its access to the capital required to finance its exploration activities may in the future be adversely affected by declines in the price of precious metals. Precious metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand, and international political and economic trends, conditions and events. The prices of precious metals have fluctuated widely in recent years, and future price declines could cause continued exploration of the Wawa Gold Project to be impractical.

#### *Additional Capital Requirements*

The Company does not currently have the funds to support its drilling programs significantly beyond the Phase 1 2022 drilling program. Additional drilling is planned to further advance the understanding of the Wawa Gold Project potential. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration or even a loss of a property interest. Although the Company has been successful in obtaining the necessary financing to date, additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might

involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations.

#### *Aboriginal Land Claims*

The potential exists for disruption of mineral exploration and development activities across broad swaths of the Province of Ontario, due to unresolved historical land claims issues and grievances on the part of First Nations communities, on whose traditional lands many of these activities take place. Red Pine has entered into agreements with certain First Nations which articulate a mutually agreed upon process for consultation for exploration phase activities conducted within the exploration area. Red Pine has entered into separate agreements with the Michipicoten First Nation and the Batchewana First Nation. The stated purpose of these agreements is to articulate a clear and mutually agreed upon consultation process to identify adverse impacts to Aboriginal and treaty rights and engage with respect to accommodation, and to establish a mutually beneficial, positive and productive relationship. In addition to supporting consultation, Red Pine has agreed to support the promotion of employment opportunities for First Nation members. While these agreements apply to exploration phase activities, the agreements contemplate the negotiation of future agreements pertaining to advanced exploration and, potentially, development. Although these agreements have established the foundation for a positive and mutually beneficial relationship between the Company and the historic First Nation communities, and have aligned the interests of each party toward ensuring the success of exploration activities on the Wawa Gold Project, there can be no assurances that circumstances will not in the future arise that may undermine the current relationships that exist between the Company and the Michipicoten and the Batchewana First Nations. There can be no assurance that any of the mineral properties of the Company will not be affected by land claims, issues or grievances.

#### *COVID-19 Coronavirus Outbreak*

The current global uncertainty with respect to the spread of the COVID-19 coronavirus ("COVID-19"), the evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on the Company and the advancement of the Wawa Gold Project. While the precise impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic previously resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct impacts on businesses in Canada and around the world and could result in closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention all of which in turn could have a negative impact on development of the Wawa Gold Project and the Company generally. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company, including its ability to raise additional financing.

As at the date of these financial statements, the duration of potential business disruptions and related financial impact of COVID-19 cannot be reasonably estimated. Going forward, the Company presently expects fewer COVID-19 related operating issues compared to the years ended July 31, 2022 and 2021.

*Government Regulation, Permits and Licenses*

Exploration and development activities related to mineral exploration and development are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration, development and mining activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards and land reclamation. These laws also place limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company believes that its exploration operations are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or ultimately, if merited, production or development, mining and milling, or that more stringent implementation thereof could have a substantial adverse impact on its current or future operations.

In the event the Company develops any of its mineral properties, government approvals, licences and permits will be required in connection with mining operations. To the extent such approvals are required and not obtained, mining operations may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of the Company. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company's exploration operations and cause reduction in the level of activities of the Company.

*Environmental Risks and Hazards and Permitting*

All phases of the Company's exploration activities are subject to environmental regulation in the jurisdiction in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on its properties, including the Wawa Gold Project, which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners or operators of the properties.

The Company's operations are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company believes that it currently has all required permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations or additional permits associated with new legislation. Prior to any development on any of its properties, permits from appropriate governmental authorities may be required. There can be no assurance that it will continue to hold all permits necessary to continue its exploration or future operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed on them for violations of applicable laws or regulations.

Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the owners or operators of mining operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

#### *Title to Property*

The Company has carefully examined the historical record of ownership of the registered surface and mineral rights for the Wawa Gold Project and its other properties, and has established and confirmed that its ownership thereof is valid and secure and that title is properly registered. However, there can be no assurance or guarantee that the Company's interests in the Wawa Gold Project or its other properties will not be challenged. There can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments having jurisdiction over the Wawa Gold Project or the Company's other properties will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. It is always possible, though unlikely, that third parties may have valid claims not appearing in the historical record underlying portions of the Company's interests, and that the permits or tenures may be subject to prior unregistered agreements, transfers or claims, and that title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the Wawa Gold Project or its other properties to which such defects relate.

#### *Price Volatility*

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. In the past several years and more recently with the outbreak of COVID-19 and the military conflict in Ukraine, worldwide securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies may not reflect the underlying asset values or prospects of such companies. It can be anticipated that the Company's securities will continue to be subject to such market trends and volatility, and that the value of its securities will continue to fluctuate accordingly.

#### *Competition*

The mineral exploration business is generally competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for needed equipment and qualified employees and contractors with the experience and skill sets required to explore and ultimately develop the Wawa Gold Project, if warranted. There is no assurance that the Company will be able to compete successfully with others in acquiring such equipment or personnel.

### *Information Technology and Social Media*

The Company is reliant on the continuous and uninterrupted operations of its information technology (“IT”) systems. The Company’s operations depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company. The Company’s IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information, disrupting business processes or by inadvertent or intentional actions by the Company’s employees or vendors.

A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future.

Social media and other web-based information sharing applications may result in negative publicity or have the effect of damaging the reputation of the Company, whether or not such publicity is in fact verified, truthful or correct. The Company may not have the ability to control how it is perceived by others. Reputational loss may result in challenges in developing and maintaining community and shareholder relations and decreased investor confidence.

### *Military Conflict in Ukraine*

The military conflict in Ukraine could lead to heightened volatility in the global markets, increased inflation, and turbulence in commodities markets. More recently, in response to Russian military actions in Ukraine, several countries (including Canada, the United States and certain allies) have imposed economic sanctions and export control measures, and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Russia or Ukraine, as the military conflict is a rapidly developing situation, it is uncertain as to how such events and any related economic sanctions could impact the global economy and commodities markets. Any negative developments in respect thereof could have a material adverse effect on the Company’s business, operations or financial condition.

### *Climate Change*

Global climate change could exacerbate certain of the threats facing Red Pine’s business, including the frequency and severity of weather-related events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, rising water levels and changing temperatures which can disrupt the Company’s operations, damage its infrastructure or properties, create financial risk to the business of the Company or otherwise have a material adverse effect on the Company’s results of operations, financial position or liquidity. These may result in substantial costs to respond during the event, to recover from the event and possibly to modify existing or future infrastructure requirements to prevent recurrence. Climate

changes could also disrupt the operations of Red Pine by impacting the availability and cost of materials needed for exploration and development activities and could increase insurance and other operating costs.

Global climate change also results in regulatory risks. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Increased public awareness and concern regarding global climate change may result in more legislative and/or regulatory requirements to reduce or mitigate the effects of greenhouse gas emissions.

#### *Legal and Accounting Requirements and Risk of Non-Compliance*

As a publicly-listed company, the Company is subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, the Company's inability to file required periodic reports on a timely basis, loss of market confidence, delisting of its securities and/or governmental or private actions against the Company. There can be no assurance that the Company will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately held and larger public competitors.

#### *Expense of Compliance with Changing Corporate Governance Regulations*

Changing laws, regulations and standards relating to corporate governance and public disclosure have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the Canadian public markets. The management team of the Company needs to devote significant time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

#### *Reliance on Management and Consultants*

The success of the Company is largely dependent upon the performance of its senior management and outside consultants and contractors. The Company has not purchased any "key-person" insurance nor has it entered into any non-competition or non-disclosure agreements with any of its directors, officers or key employees and has no current plans to do so. The Company has hired and makes extensive use of outside consultants and contractors and will continue to rely upon consultants and contractors for the bulk of its geological and technical expertise. The loss of access to existing consultants and contractors, or an inability to hire suitably qualified consultants, contractors or personnel to address new areas of need, would materially impact the Company's ability to carry out the exploration of the Wawa Gold Project.

#### *Dependence on Good Relations with Employees*

Successful exploration activities depend on the skills and abilities of the Company's employees. There is intense competition for engineers, geologists and persons with relevant expertise. The ability of the Company to retain engineers, geologists and persons with such expertise is very important to its operations. There can be no assurances that the Company will be able to retain such personnel when they are required, which could have a material adverse effect on the Company's operations, results of operations and financial condition.

### *Litigation*

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Like most companies, the Company is subject to the threat of litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. The Company is not currently involved in any disputes with other parties which it believes might result in litigation. Management is committed to conducting business in an ethical and responsible manner which it believes will reduce the risk of conflict and legal disputes with third parties. However, if the Company is unable to resolve future legal disputes favourably, it could have material adverse effects on its business, financial condition and results of operations.

### *Dividend Policy*

No dividends on the Common Shares have been paid by the Company to date. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

### *Conflicts of Interest*

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each director is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

### *Accounting Policies and Internal Controls*

The Company prepares its financial reports in accordance with IFRS. In preparation of its financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in this regard.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies are included in Note 2 of the Company's Consolidated Financial Statements for the years ended July 31, 2022 and July 31, 2021.

### *Change in Accounting Policy - Flow-Through Shares*

Upon the issuance of flow-through shares ("FT Shares"), the Company records the initial proceeds to share



capital, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow-through share financing. As the Company incurs eligible Canadian Exploration Expenditure (“CEE”) to meet flow-through requirements, a corresponding flow-through share premium recovery is recognized in the statement of loss. In prior financial statements, the Company deferred the recognition of the flow-through share premium until the CEE was renounced and after the CEE was incurred.

The retrospective change in accounting policy for the year ended July 31, 2021 increased the flow-through share premium earned by \$\$332,122. The impact of the change in accounting policy for the remaining six months of the year ended July 31, 2021 and for the three months ended October 31, 2021 are summarized below:

<b>Consolidated Statements of Financial Position</b>	<b>Previously Reported at July 31, 2021</b> \$	<b>Policy Change Impact</b> \$	<b>Adjusted at July 31, 2021</b> \$
Deferred flow-through premium	979,199	(332,122)	647,077
Accumulated deficit	(85,711,462)	332,122	(85,379,340)

<b>Consolidated Statement of Loss and Comprehensive Loss</b>	<b>Previously Reported Year Ended July 31, 2021</b> \$	<b>Policy Change Impact</b> \$	<b>Adjusted Year Ended July 31, 2021</b> \$
Change in flow-through premium	110,876	332,122	442,998
Net loss and comprehensive loss	(16,473,562)	332,122	(16,141,440)

<b>Consolidated Statement of Cash Flow</b>	<b>Previously Reported Year Ended July 31, 2021</b> \$	<b>Policy Change Impact</b> \$	<b>Adjusted Year Ended July 31, 2021</b> \$
Net loss and comprehensive loss	(16,473,562)	332,122	(16,141,440)
Flow-through share premium	110,876	332,122	442,998
Net cash used in operating activities	(16,768,862)	-	(16,768,862)

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for designing internal controls over financial reporting, or supervising their design, in order to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for reporting purposes in accordance with IFRS.

There was no change in the Company’s internal controls over financial reporting that occurred during the year ended July 31, 2022 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

The control framework has been designed by management with assistance from accounting consultants. Based on a review of its internal control procedures at the end of the period covered by this MD&A, the conclusion of management is that the internal control over financial reporting is appropriately designed and operating effectively as of July 31, 2022.