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**Red Pine Exploration Inc.**

**Unaudited Condensed Interim Consolidated Financial Statements**

For the Three and Nine-Month Periods Ended April 30, 2018

(Expressed in Canadian Dollars)

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

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

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

	April 30, 2018	July 31, 2017
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,408,789	\$ 3,388,171
Marketable Securities	2,500	2,500
Amounts Receivable (note 5)	531,934	674,250
Amounts Receivable from Joint Venture Partners (note 4, 5)	578,917	328,118
Prepaid Expenses	67,978	43,635
<b>Total Current Assets</b>	<b>3,590,118</b>	<b>4,436,674</b>
Equipment (note 3)	173,115	198,527
Perpetual Software Licenses (note 3)	28,329	34,404
Leasehold Improvements (note 3)	110,268	124,650
Long-Term Rent Deposit (note 12)	41,579	41,579
<b>Total Assets</b>	<b>\$ 3,943,409</b>	<b>\$ 4,835,834</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities (note 5)	\$ 683,910	\$ 719,889
Deferred Flow-Through Premium (note 6)	155,071	137,934
Flow-Through Provision (note 7)	110,876	264,000
Lease Inducements (note 8)	15,922	15,922
<b>Total Current Liabilities</b>	<b>965,779</b>	<b>1,137,745</b>
Lease Inducements (note 8)	3,981	15,923
Rental Deposit (note 12)	17,281	17,281
<b>Total Liabilities</b>	<b>987,041</b>	<b>1,170,949</b>
<b>Shareholder's Equity</b>		
Share Capital (note 9)	46,143,691	44,037,907
Contributed Surplus	7,658,688	7,642,199
Warrant Reserve (note 11)	9,052,808	8,462,564
Accumulated Deficit	(59,898,819)	(56,477,785)
<b>Total Shareholders' Equity</b>	<b>2,956,368</b>	<b>3,664,885</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,943,409</b>	<b>\$ 4,835,834</b>

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

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

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

	Nine-month period ended		Three-month period ended	
	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
<b>Expenses</b>				
Exploration Expenditures (note 4, 5)	\$4,704,514	\$24,695,235	\$1,438,630	\$22,879,364
General and Administrative (notes 8, 12)	455,931	709,161	182,916	377,615
Payroll & Professional Fees (notes 5, 12)	305,741	458,917	97,156	167,003
Depreciation and Amortization (note 3)	80,420	37,996	27,950	22,788
Deferred Premium (note 6)	(96,363)	-	(28,301)	-
Recovery of Exploration Expenditures (note 4, 5)	(2,048,581)	(1,828,771)	(605,278)	(467,763)
Share based compensation (note 10)	16,489	354,159	16,489	354,159
Foreign Exchange Loss	2,883	378	2,213	(10)
Interest Income	-	(476)	-	378
<b>Total Expenses</b>	<b>\$3,421,034</b>	<b>\$24,426,599</b>	<b>\$1,131,775</b>	<b>\$23,333,534</b>
<b>Loss and Comprehensive Loss for the Period</b>	<b>\$(3,421,034)</b>	<b>\$(24,426,599)</b>	<b>\$(1,231,775)</b>	<b>\$(23,333,534)</b>
Loss per share – basic and diluted	\$ (0.013)	\$ (0.16)	\$ (0.004)	\$ (0.10)
Weighted average shares outstanding	274,144,822	151,989,823	286,490,357	243,531,168

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

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

	<b>Nine-Month Period Ended April 30, 2018</b>	<b>Nine-Month Period Ended April 30, 2017</b>
<b>Operating Activities</b>		
<b>Loss for the Period</b>	\$ (3,421,034)	\$ (24,426,599)
Adjustments for non-cash items:		
Non-cash exploration expenditures	-	21,203,645
Amortization of lease inducements	(11,943)	(11,942)
Amortization and depreciation	80,420	37,996
Amortization included in exploration expenditures	4,050	-
Share-based property acquisition	10,000	-
Recognition of deferred premium	(96,363)	-
Stock-based compensation	16,489	354,159
Change in working capital items:		
Amounts receivable	142,316	(274,584)
Amounts receivable from joint-venture partners	(250,799)	(370,804)
Prepaid expenses	(24,343)	(13,793)
Accounts payable and accrued liabilities	(35,978)	276,282
Rent deposit	-	(41,579)
Flow-Through Provision	(137,041)	-
<b>Net cash used in operating activities</b>	<b>(3,724,226)</b>	<b>(3,267,219)</b>
<b>Investing Activities</b>		
Vehicular purchase	(35,218)	(77,743)
Exploration equipment purchases	(2,401)	(133,003)
Office equipment purchase	(982)	(19,870)
Perpetual software licenses	-	(40,479)
Leasehold improvements	-	(134,238)
<b>Net cash used in investing activities</b>	<b>(38,601)</b>	<b>(405,333)</b>
<b>Financing Activities</b>		
Cash acquired from acquisition of Augustine		33,329
Proceeds from private placements net of issue cost	2,557,198	5,924,395
Proceeds from warrant and option exercise	226,247	860,681
Share issue costs		
<b>Net cash provided by financing activities</b>	<b>2,783,445</b>	<b>6,818,405</b>
<b>Cash and Cash Equivalents</b>		
Net increase in cash and cash equivalents	(979,382)	3,145,853
Cash and cash equivalents - beginning of period	3,388,171	1,644,354
<b>Cash and cash equivalents - end of period</b>	<b>\$ 2,408,789</b>	<b>\$ 4,790,207</b>
<b>Supplemental Disclosures:</b>		
Interest received as cash	-	208

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

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

	Shares #	Share Capital \$	Contributed Surplus \$	Warrant Reserve \$	Accumulated Other Comprehensive Income \$	Accumulated Deficit \$	Shareholder's Equity (Deficiency) \$
<b>Balance – July 31, 2017</b>	<b>264,149,026</b>	<b>44,037,907</b>	<b>7,642,199</b>	<b>8,462,564</b>	-	<b>(56,477,785)</b>	<b>3,664,885</b>
Loss of the Year	-	-	-	-	-	(3,421,034)	(3,421,034)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(3,421,034)	5,500
Share Issued for Acquisition of Property	100,000	10,000	-	-	-	-	10,000
Share for Debt Settlement	146,209	16,083	-	-	-	-	16,083
Warrants Exercised	2,388,105	226,247	-	-	-	-	226,247
Fair Value of Warrants Exercised	-	135,193	-	(135,193)	-	-	-
Fair Value of Warrants Expired	-	769,880	-	(769,880)	-	-	-
Private Placement	27,426,315	2,865,300	-	-	-	-	2,865,300
Fair Value of Warrants Issued	-	(1,381,131)	-	1,381,131	-	-	-
Fair Value of Flow-Through Premium	-	(113,500)	-	-	-	-	(113,500)
Cost of Issue	-	(308,102)	-	-	-	-	(308,102)
Fair Value of Broker Warrants	-	(114,185)	-	114,185	-	-	-
Stock Options Issued	-	-	16,489	-	-	-	16,489
<b>Balance – April 30, 2018</b>	<b>294,209,655</b>	<b>46,143,692</b>	<b>7,658,688</b>	<b>9,052,807</b>	-	<b>(59,898,819)</b>	<b>2,956,368</b>
<b>Balance – July 31, 2016</b>	<b>102,809,943</b>	<b>22,949,805</b>	<b>6,318,813</b>	<b>2,564,822</b>	-	<b>(30,875,471)</b>	<b>957,969</b>
Loss of the Year	-	-	-	-	-	(24,426,599)	(24,426,599)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(24,426,599)	(24,426,599)
Private Placement	48,755,566	6,540,340	-	-	-	-	6,540,340
Fair Value of Warrants Issued	-	(3,098,588)	-	3,098,588	-	-	-
Fair Value of Flow-Through Premiums	-	(689,672)	-	-	-	-	(689,672)
Cost of Issue	-	(615,946)	-	-	-	-	(615,946)
Shares Issued for Acquisition of Augustine	100,668,733	14,093,623	-	-	-	-	14,093,623
Warrants Issued for Acquisition of Augustine	-	-	-	5,972,823	-	-	5,972,823
Stock Options Issued for Acquisition of Augustine	-	-	969,227	-	-	-	969,227
Warrants Exercised	9,461,538	852,431	-	-	-	-	852,431
Fair Value of Warrants Exercised	-	436,678	-	(436,678)	-	-	-
Options Exercised	150,000	8,250	-	-	-	-	8,250
Stock-Based Compensation	-	-	354,159	-	-	-	354,159
Fair Value of Flow-Through Premiums	-	194,600	-	-	-	-	194,600
<b>Balance – April 30, 2017</b>	<b>261,845,780</b>	<b>40,671,521</b>	<b>7,642,199</b>	<b>11,199,555</b>	-	<b>(55,302,070)</b>	<b>4,211,205</b>

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

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

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**1. Nature of Operations and Going Concern**

Red Pine Exploration Inc. (the "Company" or "Red Pine") was founded in 1936 under the laws of Ontario, Canada for the acquisition, exploration, and development of mining properties. The Company's head office and primary location of its registered records is 145 Wellington Street West, Suite 1001, Toronto, Ontario, M5J 1H8. The Company is currently in the exploration stage and has not commenced any commercial operations.

The accompanying Consolidated Financial Statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

As at April 30, 2018, the Company had a working capital surplus of \$2,624,339 (July 31, 2017: \$3,298,929) and an accumulated deficit of \$59,898,819 (July 31, 2017: \$56,477,785).

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company is currently in the exploration stage and has not commenced commercial operations. These conditions cast significant doubt about the Company's ability to continue as a going concern.

These Consolidated Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.



**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

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## **2. Significant Accounting Policies**

### *(a) Statement of compliance*

These consolidated financial statements have been prepared in accordance and comply with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting principles consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The consolidated financial statements were approved by the Board of Directors on June 28, 2018.

### *(b) Basis of presentation*

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended July 31, 2017.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### *(c) Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Augustine Ventures Inc. All intercompany balances and transactions have been eliminated.

### *(d) Significant accounting judgements and estimates*

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the consolidated financial statements relate to the following:

#### *Going concern*

The preparation of the condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company.

#### *Share-based compensation*

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 10.

#### *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 6 and 7.

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

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

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

	<b>Vehicular Equipment</b>	<b>Exploration Equipment</b>	<b>Office Equipment</b>	<b>All Equipment</b>
	\$	\$	\$	\$
<b>Balance July 31 2016</b>	<b>5,251</b>	<b>9,622</b>	<b>-</b>	<b>14,873</b>
Acquisitions	78,743	133,003	19,870	231,616
Depreciation	(1,000)			(1,000)
Disposition	(11,245)	(17,197)	(710)	(29,152)
<b>Balance – April 30, 2017</b>	<b>71,749</b>	<b>125,428</b>	<b>19,160</b>	<b>216,337</b>
Acquisitions	10,084	-	-	10,084
Depreciation	(13,512)	(13,673)	(709)	(27,894)
<b>Balance – July 31, 2017</b>	<b>68,321</b>	<b>111,755</b>	<b>18,451</b>	<b>198,527</b>
Acquisitions	35,218	2,401	982	38,601
Depreciation	(25,543)	(36,271)	(2,199)	(64,013)
<b>Balance – April 30, 2018</b>	<b>77,996</b>	<b>77,885</b>	<b>17,234</b>	<b>173,115</b>

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

	<b>Software Licenses</b>	<b>Leasehold Improvements</b>
	\$	\$
<b>Balance – July 31, 2016</b>	<b>-</b>	<b>-</b>
Acquisitions	40,479	134,238
Amortization	(4,050)	(4,794)
<b>Balance – April 30, 2017</b>	<b>36,429</b>	<b>129,444</b>
Acquisitions	-	-
Amortization	(2,025)	(4,794)
<b>Balance – July 31, 2017</b>	<b>34,404</b>	<b>124,650</b>
Amortization	(6,075)	(14,382)
<b>Balance – April 30, 2018</b>	<b>28,329</b>	<b>110,268</b>

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

**4. 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.

	<b>Wawa Gold Property \$</b>	<b>Cayenne Property \$</b>	<b>Other Properties \$</b>	<b>Total Properties \$</b>
<b>Balance – July 31, 2016</b>	<b>3,018,122</b>	<b>6,133,216</b>	<b>8,381,799</b>	<b>17,533,137</b>
Property Acquisition Costs	21,203,645	-	-	21,203,645
Exploration Expenditures	3,432,823	4,470	54,297	3,491,590
<b>Balance – April 30, 2017</b>	<b>27,654,590</b>	<b>6,137,686</b>	<b>8,436,096</b>	<b>42,228,372</b>
Property Acquisition Costs	9,132	-	-	9,132
Exploration Expenditures	1,862,768	-	-	1,862,768
<b>Balance – July 31, 2017</b>	<b>29,526,490</b>	<b>6,137,868</b>	<b>8,436,096</b>	<b>44,100,272</b>
Property Acquisition Costs	372,920			372,920
Exploration Expenditures	4,325,594		6,000	4,331,594
<b>Balance – April 30, 2018</b>	<b>34,225,004</b>	<b>6,137,686</b>	<b>8,442,096</b>	<b>48,804,786</b>

During the nine-month period ended April 30, 2018:

- a) The Company incurred total exploration and evaluation expenditures of \$ 4,325,594 (2017: \$3,432,645).and \$372,920 property acquisition for the Wawa Gold property (2017: \$21,203,832 in the acquisition of Augustine Ventures which resulted in an increased ownership of 30% in the Wawa Gold joint-venture).
- b) The Company incurred total exploration and evaluation expenditures of \$6,000 on other properties (2017: \$58,767).
- c) The following table represent the amounts invoiced to the Wawa Gold joint-venture partners for their prorated share of the exploration program costs incurred during the nine-month period ended April 30, 2018, which includes exploration and evaluation expenditures, joint expenditures and any project management fees. The amounts for Augustine are those that were invoiced and recovered prior to the acquisition of Augustine, which was completed on February 3, 2017.

As at April 30, 2018, a total of \$578,917 was due from the joint-venture partners. (July 31, 2017 - \$328,118)

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

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**4. Mineral Properties (Continued)**

	Citabar \$	Augustine \$	All JV Partners \$
<b>Balance – July 31, 2016</b>	<b>464,465</b>	<b>348,348</b>	<b>812,813</b>
Recovery of JV Expenditures	1,461,506	367,265	1,828,771
<b>Balance – April 30, 2017</b>	<b>1,925,971</b>	<b>715,613</b>	<b>2,641,584</b>
Recovery of JV Expenditures	704,007	-	704,007
<b>Balance – July 31, 2017</b>	<b>2,629,978</b>	<b>715,613</b>	<b>3,345,591</b>
Recovery of JV Expenditures	2,048,581	-	2,048,581
<b>Balance – April 30, 2018</b>	<b>4,678,559</b>	<b>715,613</b>	<b>5,394,172</b>

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

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## **5. Related Party Transactions and Balances**

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

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

The following transactions occurred with related parties during the six-month period ended April 30, 2018:

Key management personnel received the following compensation:

- a) Cash compensation of \$112,500 (2017: \$143,325), were paid to the CEO which have been recorded in exploration expenditures on the Consolidated Statements of Loss and Comprehensive Loss.
- b) Professional fees of \$63,850 (2017: \$60,525), were paid to a corporation controlled by the CFO for professional services and have been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
- c) Professional fees of \$nil (2017: \$60,000) were paid to key management personal and have been recorded in payroll and professional fees on the Consolidated Statement of Loss and Comprehensive Loss.
- d) Professional fees of \$92,250 (2017: \$23,000), were paid to a corporation controlled by the Executive Director of Mining and have been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
- e) Directors and key management personnel received 300,000 stock options valued at 16,489 (2017: 5,271,000 stock options valued at \$225,245)

Companies under the common management received the following services:

- a) Exploration services in the amount of \$ 443,376 (2017: \$nil), which was recorded as a recovery of exploration expenditures
- b) Office and general administration services in the amount of \$95,672.68 (2017: \$20,660), which was recorded as a recovery of general administration.

As of April 30, 2018, the outstanding related party balances were as follows:

- a) Corporations under common management control owe the Company \$337,859 (July 31, 2017: \$32,520) for the reimbursement of shared expenditures, which has been included in accounts receivable.
- b) Former directors of wholly-owned subsidiary Augustine Ventures Inc. owe the Company \$16,862 (July 31, 2017: \$62,166), which has been included in amounts receivable.
- c) A Corporation controlled by the CFO was owed \$nil (July 31, 2017: \$2,657) for the reimbursement of expenses, which has been included in amounts receivable.
- d) A Corporation controlled by the Executive Director of Mining was owed \$nil (July 31, 2017: \$11,225) for management consulting fees, which has been included in accounts payable.
- e) Key management personnel were owed a deferred bonus of \$nil (2017: \$60,000) for the achievement of specific performance measures, which has been included in accounts payable and accrued liabilities.
- f) The Company is the manager of and owns a 60% interest in a joint-venture partnership (see Note 4). The joint-venture partner owed the following net balances to the Company, which has been included in amounts receivable from joint-venture partners:
  - Citabar: \$578,917 (July 31, 2017: \$328,118)
  - Augustine: \$ nil (July 31, 2017: \$220,769)

**Red Pine Exploration Inc.**  
**Notes to Condensed Interim Consolidated financial statements**  
*For the nine-month period ended April 30, 2018*

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**6. Deferred Premium on Flow-Through Shares**

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

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

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

<b>Financing Series</b>	<b>2015 F/T Series</b>	<b>2016 F/T Series</b>	<b>2017 F/T Series</b>	<b>2017 F/T Series</b>	<b>Totals</b>
<b>Balance - July 31, 2016</b>	<b>\$ 175,000</b>	<b>\$ 219,600</b>	<b>\$ -</b>		<b>\$ 394,600</b>
Recognition of Deferred Premium	-	-	137,934		137,934
Decrease of Deferred Premium	(175,000)	(19,600)	-		(194,600)
<b>Balance - April 30 ,2017</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ 137,934</b>		<b>\$337,934</b>
Decrease of Deferred Premium	-	(200,000)	-		(200,000)
<b>Balance - July 31, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>137,934</b>		<b>\$ 137,934</b>
Recognition of Deferred Premium	-	-		113,500	\$113,500
Decrease of Deferred Premium	-	-	(96,363)		\$(96,363)
<b>Balance - April 30, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$41,571</b>	<b>\$113,500</b>	<b>\$155,071</b>

**Red Pine Exploration Inc.**  
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**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:

<b>Financing Series</b>	<b>2010 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2011</b>	<b>2011 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2012</b>	<b>Total Provision</b>
<b>Balance – July 31, 2016, April 30, 2017 and July 31, 2017</b>	<b>\$ 79,500</b>	<b>\$ 184,500</b>	<b>\$ 264,000</b>
Settlements	(37,071)	(116,053)	(153,124)
<b>Balance – April 30, 2018</b>	<b>\$ 42,429</b>	<b>\$ 68,447</b>	<b>\$ 110,876</b>

The following settlement transactions occurred during the nine-month period ended April 30, 2018:

- During the period, the Company completed settlement transactions whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through cash settlements. Pursuant to the settlement transactions, the Company paid \$137,041 in cash to settle total indebtedness of \$137,041.
- On October 23, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through the issuance of common shares of the Company (the “Common Shares”). Pursuant to the settlement transaction, the Company issued a total of 146,209 common shares (the “Shares”) at a deemed price of \$0.11 per Share to settle total indebtedness of \$16,083.

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

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

The following is continuity schedule for the leasehold inducement:

	<b>Current Portion</b>	<b>Long-Term Portion</b>	<b>Lease Inducement Balance</b>
	\$	\$	\$
<b>Balance – July 31, 2016</b>	<b>15,922</b>	<b>31,845</b>	<b>47,767</b>
Lease Inducement Amortization	-	(11,942)	(11,942)
<b>Balance – April 31, 2017</b>	<b>15,922</b>	<b>19,903</b>	<b>35,825</b>
Lease Inducement Amortization	-	(3,980)	(3,980)
<b>Balance – July 31, 2017</b>	<b>15,922</b>	<b>15,923</b>	<b>31,845</b>
Lease Inducement Amortization	-	(11,942)	(11,942)
<b>Balance – April 30, 2018</b>	<b>\$15,922</b>	<b>\$3,981</b>	<b>\$19,903</b>



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## **9. Share Capital**

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value. As at April 30, 2018 the Company had 294,209,655 issued and outstanding common shares (July 31, 2017: 264,149,026). All issued and outstanding common shares are fully paid.

a) Common Shares Issued during the nine-month period ended April 30, 2018:

- During the period the Company issued a total of 2,388,105 common shares upon the exercise of 2,388,105 common share purchase warrants at an average exercise price of \$0.09 for gross proceeds of \$226,247.
- On April 6, 2018 the Company has completed a private placement financing for gross proceeds of \$1,000,000. The Company issued 10,526,315 common share units at a price of \$0.095 per unit. Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.15 per purchase warrant. As part of the financing the Company paid \$70,000 cash commission which is included in the total cost of issue of \$81,796 and issued 736,842 non-transferable compensation warrants exercisable for a period of three years at an exercise price of \$0.095 per compensation warrant
- On December 29, 2017 the Company has completed a private placement financing for gross proceeds of \$1,865,300. The Company issued 12,360,000 common share units at a price of \$0.105 per unit and 4,540,000 flow-through common shares at a price of \$0.125 per share. Each FT share was issued on a “flow-through” basis, as defined in the Income Tax Act (Canada). Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of \$0.15 per purchase warrant. As part of the financing the Company paid \$111,918 cash commission which is included in the total cost of issue of \$220,656 and issued 1,014,000 non-transferable compensation warrants exercisable for a period of three years at an exercise price of \$0.105 per compensation warrant. The flow through premium associated with the financing was \$113,500 (note 6).
- On October 23, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain obligations (the “Debt”) to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through the issuance of common shares of the Company (the “Common Shares”). Pursuant to the settlement transaction, the Company issued a total of 146,209 common shares (the “Shares”) at a deemed price of \$0.11 per Share to settle total indebtedness of \$16,083.
- On August 3, 2017, the Company completed the acquisition of net smelter royalties (“NSR”) on the Wawa Gold Project whereby the Company paid \$25,000 in cash and issued 100,000 common shares. valued at \$9,000.

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

The Company has a stock option plan (the "Plan") under which the Board of Directors of the Company may grant stock options to eligible participants including directors and officers of the Company.

The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Board of Directors, in accordance with applicable Exchange or other regulatory requirements, if any, determines the vesting period. There is no minimum vesting period unless the optionee is engaged in Investor Relation Activities. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. The fair value of share-based compensation is recognized as contributed surplus upon issuance. All outstanding stock options vested immediately.

During the nine months ended April 30, 2018, the Company granted 300,000 (2017 - 11,311,000) to an officer at a weighted average exercise price of \$0.07 (2017 - \$0.12). These three-year options vested immediately upon grant. The fair value of the stock options granted during the year has been determined to be \$16,489 (2017: 1,323,386) and has been included in the statement of loss and comprehensive loss for the nine months ended April 30, 2018. The fair value of the stock options was calculate using the Black-Scholes option pricing model and utilized the following weighted average assumptions: risk-free rate - 1.89%; volatility – 141%; expected life - 3 years; dividend yield - 0% and forfeiture rate - 0%.

The following is a continuity schedule of the stock options series outstanding from July 31, 2017 to April 31, 2018:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2017</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding April 30, 2018</b>
July 10, 2018	\$ 0.500	260,000	-	-	75,000	185,000
December 18, 2018	\$ 0.500	685,000	-	-	195,000	490,000
February 25, 2020	\$ 0.500	1,360,000	-	-	280,000	1,080,000
August 27, 2020	\$ 0.055	1,925,000	-	-	50,000	1,875,000
April 5, 2021	\$ 0.080	750,000	-	-	300,000	450,000
April 6, 2022	\$ 0.120	3,027,000	-	-	302,000	2,725,000
April 11, 2022	\$ 0.120	8,284,000	-	-	4,864,000	3,420,000
February 9, 2021	\$ 0.070		300,000	-	-	300,000
<b>Total</b>	<b>\$ 0.16</b>	<b>16,291,000</b>	<b>300,000</b>	<b>-</b>	<b>6,066,000</b>	<b>10,525,000</b>

**Red Pine Exploration Inc.**  
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**11. Warrants**

The Company has issued warrants as part of equity financings and property acquisitions. The fair value of warrants is recognized upon issuance as an equity reserve until expiration, cancellation or exercise.

The following is a continuity schedule for the warrants outstanding from July 31, 2017 to April 30, 2018:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding July 31, 2017</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding April 30, 2018</b>	<b>Fair Value April 30, 2017</b>
December 18, 2017	\$ 0.250	6,400,000	-	-	(6,400,000)	-	-
December 18, 2017	\$ 0.250	640,000	-	-	(640,000)	-	-
June 3, 2018	\$ 0.080	1,777,132	-	-	-	1,777,132	\$134,351
June 24, 2018	\$ 0.105	450,625	-	-	-	450,625	\$ 44,882
July 30, 2018	\$ 0.050	155,965	-	(107,965)	-	48,000	\$ 2,006
July 30, 2018	\$ 0.100	1,499,708	-	-	-	1,499,708	\$ 38,700
August 13, 2018	\$ 0.050	270,982	-	(108,982)	-	162,000	\$ 8,035
August 13, 2018	\$ 0.100	2,208,186	-	-	-	2,208,186	\$ 61,449
August 20, 2018	\$ 0.050	336,158	-	(171,158)	-	165,000	\$ 8,184
August 20, 2018	\$ 0.100	1,375,000	-	-	-	1,375,000	\$ 36,750
August 28, 2018	\$ 0.100	200,000	-	-	-	200,000	\$ 5,298
September 2, 2018 <sup>(a)</sup>	\$ 0.099	2,533,333	-	(500,000)	-	2,533,333	\$ 242,118
September 2, 2018	\$ 0.099	5,065,909	-	-	-	5,065,909	\$ 586,039
February 9, 2019 <sup>(b)</sup>	\$ 0.066	2,888,000	-	-	-	2,888,000	\$ 368,500
February 9, 2019	\$ 0.066	1,994,544	-	-	-	1,994,544	\$ 250,294
February 9, 2019	\$ 0.132	5,327,165	-	-	-	5,327,165	\$ 633,935
February 17, 2019	\$ 0.250	20,000	-	-	-	20,000	\$ 6,090
February 24, 2019	\$ 0.135	3,412,889	-	-	-	3,412,889	\$ 404,427
February 25, 2019 <sup>(b)</sup>	\$ 0.066	520,177	-	-	-	520,177	\$ 66,553
February 25, 2019	\$ 0.066	3,847,521	-	-	-	3,847,521	\$ 484,397
April 7, 2019	\$ 0.105	1,789,456	-	-	-	1,789,457	\$ 220,282
April 8, 2019	\$ 0.105	16,695,601	-	-	-	16,695,601	\$ 2,055,731
May 5, 2019	\$ 0.105	2,144,121	-	-	-	2,144,121	\$ 265,704
June 3, 2019	\$ 0.100	5,343,800	-	-	-	5,343,800	\$ 164,274
June 24, 2019	\$ 0.105	2,437,500	-	(1,500,000)	-	937,500	\$ 41,086
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	\$ 906,523
April 7, 2020	\$ 0.072	198,429	-	-	-	198,429	\$ 26,318
May 3, 2020	\$ 0.072	6,080	-	-	-	6,080	\$ 808
December 29, 2020 <sup>(c)</sup>	\$ 0.150		12,360,000	-	-	12,360,000	\$ 891,156
December 29, 2020 <sup>(d)</sup>	\$ 0.105		1,014,000	-	-	1,014,000	\$ 77,020
April 6, 2020 <sup>(e)</sup>	\$ 0.150		10,526,316	-	-	10,526,316	489,955
April 6, 2020 <sup>(f)</sup>	\$ 0.095		736,842	-	-	736,842	37,165
<b>Total</b>	<b>\$0.13</b>	<b>94,628,548</b>	<b>24,637,158</b>	<b>(2,388,105)</b>	<b>(7,040,000)</b>	<b>109,837,602</b>	<b>9,052,809</b>

a) These warrants are exercisable at a price of CAD\$0.099 or USD\$0.092.

b) These warrants are exercisable at a price of CAD\$0.066 or USD\$0.059.

c) The fair value of the 12,360,000 warrants issued on December 29, 2017 was estimated at \$891,156 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.71%, dividend yield 0%, expected stock volatility 137%, and an expected life of 3 years

**Red Pine Exploration Inc.**

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- d) The fair value of the 1,014,000 compensation warrants issued on December 29, 2017 was estimated at \$77,020 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 1.71%, dividend yield 0%, expected stock volatility 137%, and an expected life of 3 years.
- e) The fair value of the 10,526,315 warrants issued on April 6, 2018 was estimated at \$489,955 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.03%, dividend yield 0%, expected stock volatility 135%, and an expected life of 3 years
- f) The fair value of the 736,842 compensation warrants issued on April 6, 2018 was estimated at \$37,165 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.03%, dividend yield 0%, expected stock volatility 135%, and an expected life of 3 years.

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## **12. Commitments and Contingencies**

### **(a) Lease and Sublease Commitments**

The Company has an office space lease agreement located at 141 Adelaide Street West from August 15, 2014 to August 14, 2019 and signed a sublease agreement with a third-party tenant whereby the Company shall receive sublease payments for the period from March 1, 2015 to August 14, 2019. The sublease payments are recognized as a reduction of General and Administrative expenses on the Statements of Loss and Comprehensive Loss. A security deposit totalling \$17,281 was received from the subtenant and is reported as a long-term liability on the Consolidated Statements of Financial Position. As of April 30, 2018, the Company was committed to annual lease payments for 141 Adelaide Street West of approximately \$223,020 and expects to receive annual sublease payments of \$223,020.

On December 12, 2016, the Company signed an office space lease agreement for office space located at 145 Wellington Street West for seven (7) years from January 1, 2017 to December 31, 2023. On September 15, 2016, a security deposit totaling \$41,579 was remitted to the landlord, which is reported as a long-term asset on the Consolidated Statements of Financial Position. As of April 30, 2018, the Company was committed to annual lease payments for 145 Wellington Street West of approximately \$104,544.

Future minimum payments under the Company's leases, excluding the receipt of any sublease payments, are as follows:

<b>Minimum Lease Payments</b>	<b>April 30, 2018</b>	<b>July 31, 2017</b>
	<b>\$</b>	<b>\$</b>
No later than 1 year	327,564	327,564
Later than 1 year, but no later than 5 years	483,224	650,488
Later than 5 years	69,696	148,104
<b>Total</b>	<b>880,484</b>	<b>1,126,156</b>

**Red Pine Exploration Inc.**  
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**12. Commitments and Contingencies (Continued)**

**(b) Flow-Through Expenditure Commitments**

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

The following tables sets out the flow-through expenditure commitments as of April 30, 2018:

<b>Financing Series</b>	<b>2016 F/T Red Pine Series</b>	<b>2016 F/T Augustine Series</b>	<b>2017 F/T Series</b>	<b>2017 FT Series</b>
Financing Date	June 3, 2016	December 12, 2016	February 24, 2017	December 29, 2017
Commitment Deadline	December 31, 2017	December 31, 2017	December 31, 2018	December 31, 2018
Commitment Amount	\$ 1,098,000	\$ 500,000	4,000,101	\$ 567,500
Less: Qualified CEEs Incurred in 2016	(98,000)	-	-	-
Less: Qualified CEEs Incurred in 2017	(1,000,000)	(500,000)	(2,467,279)	-
Less Qualified CEE Incurred in 2018	-	-	(327,261)	-
<b>Estimated F/T Expenditures Remaining</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,205,561</b>	<b>\$ 567,500</b>

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

As at April 30, 2018, the Company had a working capital surplus of \$2,624,339 (July 31, 2017: \$3,298,929)

There were no changes in the Company's approach to capital management during the three-month period ended April 30, 2018.

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.

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## **14. Financial Instrument Risk Factors**

The following disclosures are to enable users of the consolidated financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

### ***a) Credit risk***

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's accounts receivable are sales tax receivables with negligible counterparty default risk.

The amounts due from joint venture partners are subject to counterparty default risk, and total \$578,917 as at April 30, 2018 (July 31, 2017 – \$328,118).

The amounts due from subtenants are subject to counterparty default risk, and total \$42,000 as at April 30, 2018 (July 31, 2017 - \$nil).

### ***b) Liquidity risk***

The Company's liquidity risk is the risk that the Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk through a budgeting process that ensures sufficient funds are available as contractual cash flows become due.

As at April 30, 2018, the Company had a cash and cash equivalents balance of \$2,408,789 (July 31, 2017: \$3,388,171) to settle current liabilities of \$965,779 (July 31, 2017: \$1,137,745). As a result, the Company is currently not exposed to liquidity risk.

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

### ***c) Market risks***

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit and loss. This includes:

- Interest rate risk, is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risks, particularly with respect to gold, is the sensitivity of the fair value of, or of the future cash flows, from mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets. The Company does not have any mineral assets at the development or production stage carried at historical cost. The Company has expensed the acquisition and exploration costs of its exploration stage mineral assets.
- Marketable securities risk, is the sensitivity of the fair value of marketable securities to supply and demand for marketable securities. The Company manages this risk by continually monitoring the market pricing and trends of its portfolio of securities to determine the appropriate timing to complete any acquisitions or dispositions. The Company has determined the marketable securities risk at year-end is minimal.
- Currency risk, is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.



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**15. Subsequent Events**

- A total of 2,227,757 warrants expired