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**Red Pine Exploration Inc.**

**Condensed Interim Consolidated Financial Statements**

For the Three Months Ended October 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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**Notice to Reader of Condensed Interim Consolidated Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**Red Pine Exploration Inc.**  
**Condensed Interim Consolidated Statement of Financial Position**

*(Unaudited, expressed in Canadian Dollars)*

	Note	October 31, 2021 <i>(Unaudited)</i>	July 31, 2021 <i>(Audited)</i>
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 1,347,713	\$ 2,167,354
Restricted cash	5	315,000	315,000
Marketable securities		2,500	2,500
Amount receivable	7	169,800	169,997
Prepaid expenses		1,041,569	1,009,069
<b>Total current assets</b>		<b>2,876,582</b>	<b>3,663,920</b>
<b>Non-current assets</b>			
Perpetual software licenses	3	18,204	18,204
Restricted cash	6	315,000	315,000
Equipment	3	32,478	30,353
Right of use asset	4	208,519	232,547
Leasehold improvement	3	4,694	16,732
<b>Total non-current assets</b>		<b>578,895</b>	<b>612,836</b>
<b>Total assets</b>		<b>\$ 3,455,477</b>	<b>\$ 4,276,756</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 479,044	\$ 301,260
Lease liability	4	101,983	98,538
Deferred flow-through premium		979,199	979,199
Asset retirement obligation	6	290,000	290,000
<b>Total Current liabilities</b>		<b>1,850,226</b>	<b>1,668,998</b>
Long term lease liability	4	84,543	111,532
<b>Total liabilities</b>		<b>1,934,769</b>	<b>1,780,530</b>
<b>Shareholders' Equity</b>			
Share capital	8	77,965,726	77,965,726
Contributed surplus		8,498,396	8,353,340
Warrant reserve		1,888,622	1,888,622
Accumulated deficit		(86,832,036)	(85,711,462)
<b>Total shareholders' equity</b>		<b>1,520,708</b>	<b>2,496,226</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 3,455,477</b>	<b>\$ 4,276,756</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Nature of operations and going concern** (note 1)

**Commitments** (note 9)

**Subsequent events** (note 12)

**Red Pine Exploration Inc.**  
**Condensed Interim Consolidated Statements of Comprehensive Loss**  
(Unaudited - expressed in Canadian Dollars)

		For three months ended October 31	
	Note	2021	2020
<b>Expenses</b>			
Change in flow-through provision		\$ -	\$ (27,190)
Depreciation and amortization	3, 4	38,845	24,028
Exploration expenditures	5	654,717	384,833
Foreign exchange loss (gain)		692	589
General and administrative		144,101	12,959
Interest expense (income)		(1,193)	105
Lease accretion	4	4,061	5,300
Payroll and professional fees	7	134,295	104,520
Share-based compensation		145,056	-
<b>Total expense</b>		<b>1,120,574</b>	<b>505,145</b>
<b>Net loss and comprehensive loss</b>		<b>\$ (1,120,574)</b>	<b>\$ (505,145)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>95,919,403</b>	<b>47,722,239</b>

*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**  
(Unaudited - expressed in Canadian Dollars)

		For three months ended October	
	Note	2021	2020
<b>Operations</b>			
Net loss and comprehensive loss		\$ (1,120,574)	\$ (505,145)
Adjustment for non-cash items:			
Depreciation and amortization		38,845	24,028
Change in flow-through provision		-	(27,190)
Lease accretion		4,061	5,300
Rental deposit		-	(17,281)
Stock-based compensation		145,056	-
		<u>(932,612)</u>	<u>(520,288)</u>
Net changes in non-cash working capital			
Amount receivable		197	249,304
Prepaid expenses		(32,500)	20,067
Accounts payable and accrued liabilities		177,782	(59,021)
<b>Net cash used in operating activities</b>		<b>(787,133)</b>	<b>(309,938)</b>
<b>Investing</b>			
Equipment additions		(4,903)	-
<b>Net cash used in investing activities</b>		<b>(4,903)</b>	<b>-</b>
<b>Financing</b>			
Lease payments		(27,605)	(27,604)
<b>Net cash used in Financing Activities</b>		<b>(27,605)</b>	<b>(27,604)</b>
<b>Net (Decrease) in cash</b>		<b>(819,641)</b>	<b>(337,542)</b>
Cash at the beginning of period		2,167,354	647,920
<b>Cash at end of period</b>		<b>\$ 1,347,713</b>	<b>\$ 310,378</b>

*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 Equity**  
**As at October 31, 2021 and July 31, 2021**

*(Unaudited, expressed in Canadian Dollars)*

	Shares <sup>(1)</sup> Number	Share Capital \$	Contributed Surplus \$	Warrant Reserve \$	Accumulated Deficit \$	Shareholders' Equity \$
<b>Balance, July 31 2021</b>	95,919,397	77,965,726	8,353,340	1,888,622	(85,711,462)	2,496,226
Net loss for the period	-	-	-	-	(1,120,574)	(1,120,574)
Share based compensation	-	-	145,056	-	-	145,056
<b>Balance, October 31, 2021</b>	<b>95,919,397</b>	<b>77,965,726</b>	<b>8,498,396</b>	<b>1,888,622</b>	<b>(86,832,036)</b>	<b>1,520,708</b>
<b>Balance, July 31 2020</b>	<b>47,722,239</b>	<b>59,993,157</b>	<b>8,116,146</b>	<b>1,882,653</b>	<b>(69,237,900)</b>	<b>754,056</b>
Loss for the period	-	-	-	-	(505,145)	(505,145)
Fair value of warrants expired	-	91,845	-	(91,845)	-	-
<b>Balance, October 31, 2020</b>	<b>47,722,239</b>	<b>60,085,002</b>	<b>8,116,146</b>	<b>1,790,808</b>	<b>(69,743,045)</b>	<b>248,911</b>
Private placement	47,619,016	19,047,606	-	-	-	19,047,606
Loss for balance of the year	-	-	-	-	(15,968,417)	(15,968,417)
Fair value of shares - advisory	226,244	147,059	-	-	-	147,059
Fair value of shares – property acquisition	83,333	45,833	-	-	-	45,833
Cost of issue	-	(1,419,245)	-	-	-	(1,419,245)
Compensation warrants - agent	-	(1,296,106)	-	1,296,106	-	-
Warrants exercised	218,571	123,206	-	(13,920)	-	109,286
Stock options exercised	50,000	48,000	(18,000)	-	-	30,000
Share based compensation	-	-	255,194	-	-	255,194
Fair value of warrants expired	-	1,184,372	-	(1,184,372)	-	-
<b>Balance, July 31 2021</b>	<b>95,919,403</b>	<b>77,965,726</b>	<b>8,353,340</b>	<b>1,888,622</b>	<b>(85,711,462)</b>	<b>2,496,226</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

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

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

The accompanying Condensed Interim Consolidated Financial Statements for the three months ended October 31, 2021 (the "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 October 31, 2021, the Company had cash of \$1,347,713 (July 31, 2021: \$2,167,354) and an accumulated deficit of \$86,832,036 (July 31, 2021: \$85,711,462) and for the three months ended October 31, 2021 had net cash used in operating activities of \$787,133 (three months ended October 31, 2020 - \$309,938).

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

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, environmental and social licensing requirements. The Company's assets may also be subject to increases in taxes and royalties and renegotiation of contracts.

The Company's operations and its ability to finance its operations could be significantly adversely affected by the effects of COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations, including the ability of others to meet their obligations with the Company and government imposed restrictions to address COVID-19,

These 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 Financial Statements. Such adjustments could be material.

## **2. Significant Accounting Policies**

### ***(a) Statement of compliance***

These Financial Statements have been prepared in accordance and comply with IAS 34, Interim Financial Reporting using accounting policies 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”). They do not include all information required for annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended July 31, 2021. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Company’s financial position and performance since the last audited annual consolidated financial statements.

The Financial Statements were approved by the Board of Directors on December 14, 2021.

### ***(b) Basis of presentation***

These 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 Financial Statements include the accounts of the Company and its wholly owned subsidiaries, Augustine Ventures Inc., 874253 Ontario Ltd., and Wawa GP. All intercompany balances and transactions have been eliminated.

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

The preparation of the Financial Statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expense. In management’s opinion, all adjustments considered necessary for a fair presentation have been included in the Financial Statements. Interim results are not necessarily indicative of the results expected for the financial year. Actual annual results may differ from interim estimates. The significant judgements made by management applied in the preparation of the Financial Statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended July 31, 2021. For a description of the Company’s critical accounting estimates and assumptions, please refer to the Company’s audited financial statements and related notes for the year ended July 31, 2021.

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 Financial Statements relate to the following:

#### *Going concern*

The preparation of the Financial Statements requires management to make judgments regarding the going concern of the Company. (Note 1)

**2. Significant Accounting Policies (continued)**

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

*Share-based compensation*

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 8.

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

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

	Equipment \$	Perpetual Software Licenses \$	Leasehold Improvement s \$	Total \$
<b>Cost</b>				
<b>Balance, July 31 2020</b>	-	18,204	86,296	104,500
Additions	33,135	-	-	33,135
Disposals	-	-	-	-
<b>Balance, July 31, 2021</b>	<b>33,135</b>	<b>18,204</b>	<b>86,296</b>	<b>137,635</b>
Additions	4,903	-	-	4,903
Disposals	-	-	-	-
<b>Balance, October 31, 2021</b>	<b>38,038</b>	<b>18,204</b>	<b>86,296</b>	<b>142,538</b>
<b>Accumulated depreciation and amortization</b>				
<b>Balance, July 31 2020</b>	-	-	(57,527)	(57,527)
Depreciation and amortization	(2,780)	-	(12,037)	(14,817)
Disposals	-	-	-	-
<b>Balance, July 31, 2021</b>	<b>(2,780)</b>	<b>-</b>	<b>(69,564)</b>	<b>(72,344)</b>
Depreciation and amortization	(2,780)	-	(12,037)	(14,817)
Disposals	-	-	-	-
<b>Balance, October 31, 2021</b>	<b>(5,560)</b>	<b>-</b>	<b>(81,602)</b>	<b>(87,162)</b>
<b>Net book value</b>				
As at July 31, 2021	30,355	18,204	16,732	65,291
<b>As at October 31, 2021</b>	<b>32,478</b>	<b>18,204</b>	<b>4,694</b>	<b>55,376</b>



#### 4. Right of Use Asset and Lease Liability

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

	Three months ended October 31, 2021	Year ended July 31, 2021
<b>Right of use asset</b>		
Balance, opening	\$ 232,547	\$ 328,660
Amortization	(24,028)	(98,113)
<b>Balance period end</b>	<b>208,519</b>	<b>232,547</b>
<b>Lease liability</b>		
Balance, opening	210,071	300,528
Lease accretion	4,061	19,961
Lease payments	(27,606)	(110,418)
<b>Balance, period end</b>	<b>186,526</b>	<b>210,071</b>
Current portion lease liability	101,983	98,538
Long term portion lease liability	84,543	111,532

On December 12, 2016, the Company signed an office space lease agreement for office space located at 145 Wellington Street West for seven (7) years from January 1, 2017 to December 31, 2023. The Company has a prepaid rent deposit totaling \$41,579, which is included in the right of use asset and amortized over the term of the lease.

#### 5. Mineral Properties

The Company has ownership interests in several exploration projects. The Wawa Gold Project is the primary focus of exploration.

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its mineral properties. The Wawa Gold property expenditures includes all amounts incurred prior to any prorated recovery from the previous joint-venture partner.

	Wawa Gold Property \$	Cayenne Property \$	Other Properties \$	Total Properties \$
<b>Balance, July 31 2020</b>	43,463,786	6,137,686	8,482,174	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>6,137,686</b>	<b>8,482,174</b>	<b>73,162,211</b>
Property acquisition costs	-	-	-	-
Property sales	-	-	(1,050,000)	(1,050,000)
Exploration expenditures	1,704,717	-	-	1,704,717
<b>Balance, October 31, 2021</b>	<b>60,247,068</b>	<b>6,137,686</b>	<b>7,432,174</b>	<b>73,162,211</b>

## **5. Mineral Properties (continued)**

During the three months ended October 31, 2021, the Company incurred total exploration and evaluation expenditures, excluding property sales and acquisitions, of \$1,704,717 on the Wawa Gold property for the three months ended October 31, 2021 (three months ended October 31, 2020: \$384,833).

On August 20, 2021, the Company announced the sale of its Algoma-Talisman property located in Northern Ontario to Newton Gold Corp. ("Newton") for \$1,050,000, which was received in full by October 28, 2021. In addition, Newton granted a net smelter royalty of 1.5% (the "Royalty") from mineral production on the Property to Red Pine, which can be repurchased by Newton for CAD \$500,000.

### **Wawa Gold Project**

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

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

As part of the 100% consolidation of the Wawa Gold Project, the Company's previous joint venture partner retained a 2% net smelter return royalty on production from the Wawa Gold Project, of which 1.5% of the 2% NSR is subject to a buyback for a total cost of \$1.75 million. The Company also had to put in place an environmental bond of \$315,000 which was previously provided by Citibar L.P. Until such time as the Government of Ontario accepts the Company's environmental bond the Company has secured the current environmental bond placed by Citibar L.P. with an equivalent amount of cash, included as restricted cash.

### **Cayenne Property**

The Cayenne property consists of 2 cell claims (70.1 ha) and 1 lease (62.67 ha) in Genoa Township located approximately 110 kilometers southwest of Timmins, Ontario. The Company owns 100% of the property.

### **Mortimer Property**

The Company has a 100% interest in a block of 12 cell claims covering approximately 284.77 ha in the Dore Township approximately 110 km southwest of Timmins, Ontario. The previous owners retain NSRs ranging between 0.2% and 2% on certain claims and the Company has the option to purchase a portion of these NSRs for various cash payments as specified in the original purchase agreements.

### **Fern Elizabeth Property**

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

**5. Mineral Properties (continued)**

**Rand Garrison**

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

**Net Smelter Royalties**

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

**6. Asset retirement obligation**

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

Related to the restoration liabilities, the Company was also obligated to issue a Letter of Credit in favour of the Government of Ontario in the amount of \$315,000 which has been secured with cash and recorded as long term restricted cash.

**7. Related Party Transactions and Balances**

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

	Three months ended October 31, 2021	Three months ended October 31, 2021
Compensation <sup>(1)</sup>	\$ 162,740	\$ 35,750
Shared based compensation <sup>(2)</sup>	99,696	-
<b>Balance period end</b>	<b>\$ 262,436</b>	<b>\$ 35,750</b>

(1) Includes professional fee, salary, and health benefits.

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

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

Included in amounts receivable is an amount receivable of \$14,599 (July 31, 2021, \$3,512) related to exploration, rent and general & administrative charges from a company with a shared director. The companies also share the services of certain senior officers along with other administrative services including office rental.

## **8. Share Capital**

### *a) Common Shares*

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

Effective March 15, 2021 the Company completed a 10:1 share consolidation resulting in the issuance of one new Common Share to replace every ten old common shares. The Company continues to trade under the symbol "RPX" on the TSX Venture Exchange (the "TSXVE"). Prior to the Consolidation there were 477,222,387 Common Shares outstanding. After giving effect to the Consolidation there were 47,722,239 Common Shares outstanding.

On March 23, 2021, the Company completed by way of a subscription receipts financing on March 23, 2021, for gross proceeds of \$20.0 million (net proceeds of \$18.6 million) per the terms of a definitive securities purchase agreement to acquire the remaining 36.69% interest in the Wawa Gold Project that it did not own and to fund working capital and exploration funding. The proceeds were placed in escrow with the Company's transfer agent and were released on March 31, 2021 upon satisfaction of the escrow release conditions. On March 30, 2021, 37,567,400 subscription receipts of the Company were each automatically exercised for one common share of the Company at a price of \$0.40 and 5,555,212 tranche 1 flow-through subscription receipts of the Company at a price of \$0.45 (the "Tranche 1 FT Subscription Receipts") and 4,496,404 tranche 2 flow-through subscription receipts of the Company at a price of \$0.556 (the "Tranche 2 FT Subscription Receipts" and together with the Tranche 1 FT Subscription Receipts, the "FT Subscription Receipts") were each automatically exercised for the right (each, a "Right") to subscribe for one common share of the Company that qualifies as "flow through" share within the meaning of the *Income Tax Act* (Canada) pursuant to subscription and renunciation agreements entered into by the Company and the subscribers of the FT Subscription Receipts following the issuance of the Rights. Following the transactions described above, a total of 47,619,016 common shares have been issued in connection with the Financing. Total gross proceeds raised was \$20,026,805 with \$979,199 allocated to the flow-through provision. A portion of the net proceeds of the financing were used to satisfy the cash portion of the Purchase Price of the Transaction (note 5). In connection with the financing, the Company issued compensation warrants equal to 6% of the securities sold in the Offering, or 2,825,640 compensation warrants with a fair value of \$1,296,106, to the agents in the Offering with each such compensation warrant being exercisable to acquire one common share of the Company for a period of 24 months following the issuance thereof at a price of \$0.40 per share and paid cash commissions of a total of \$1,189,008 to the agents and share issue costs of \$230,237.

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

**8. Share Capital (continued)**

*a) Common Shares (continued)*

On December 31, 2019 the Company sold an aggregate of (i) 2,589,285 units (the “FT Units”) comprised of one “flow-through” common share (a “FT Share”) of the Company and one-half of one non-flow-through common share purchase warrant (each whole warrant, a “Warrant”) at a price of C\$0.35 per FT Unit for gross proceeds of C\$906,250 and (ii) 8,209,921 non-flow-through units of the Company (the “Non-FT Units” and together with the FT Units, the “Securities”) with each Non-FT Unit being comprised of one common share (issued on a non-“flow-through” basis) and one whole Warrant, at a price of C\$0.35 per Non-FT Unit for gross proceeds of C\$2,873,472, for aggregate gross proceeds to Red Pine in the Offering of C\$3,779,722. Each whole Warrant is exercisable to acquire one common share at a price of C\$0.50 per share for a period of 24 months following the closing date of the Offering, or by December 31, 2021. Each FT Share partially comprising the FT Units has been issued on a “flow-through” basis within. A total of 9,504,564 warrants were issued with an estimated value of \$532,256 using Black-Scholes model with the following assumptions: risk-free rate, 2.01%, dividend yield 0%, expected volatility of 47.82% and an expected life of 2 years. In connection with the financing, the Company issued 647,952 compensation options to the agent. Each agent compensation option is exercisable to acquire one Non-FT Unit at a price of C\$0.50 per unit for a period of 24 months. The agent consideration options had an estimated value of \$72,571 using Black-Scholes model with the following assumptions: risk-free rate, 2.01%, dividend yield 0%, expected volatility of 47.82% and an expected life of 2 years. The value of the flow-through share premium was \$72,500 and share issuance costs were \$323,008.

*(b) Stock Options*

The Company has a stock option plan (the “Plan”) pursuant to which the Company’s Board of Directors may grant incentive stock options to directors, officers, employees and consultants at the discretion of the Board of Directors. The exercise price and vesting period of any option is fixed by the Board of Directors on the date of grant, in accordance with applicable stock exchange or other regulatory requirements, if applicable. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares.

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

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Options Outstanding</b>	<b>Remaining Life in Years</b>	<b>Options Exercisable</b>
April 6, 2022	\$ 1.20	102,500	0.43	102,500
April 11, 2022	1.20	212,800	0.44	212,800
June 20, 2022	0.60	546,250	0.64	546,250
August 10, 2023	0.60	159,000	1.78	159,000
April 14, 2026	0.73	2,292,221	4.45	372,313
June 1, 2026	0.76	150,000	4.59	16,667
October 1, 2026	0.60	100,000	4.92	-
<b>Balance, October 31, 2021</b>	<b>\$0.74</b>	<b>3,562,771</b>	<b>3.06</b>	<b>1,409,530</b>

**8. Share Capital (continued)**

*(b) Stock Options (continued)*

Movements in the stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
<b>Balance, July 31 2020</b>	1,718,250	\$ 0.72
Granted	2,620,000	0.73
Exercised	(50,000)	0.60
Cancelled	(460,000)	0.85
Expired	(187,500)	0.55
<b>Balance, July 31, 2021</b>	<b>3,640,550</b>	<b>\$ 0.69</b>
Granted	100,000	0.61
Cancelled	(177,779)	0.73
<b>Balance, October 31, 2021</b>	<b>3,562,771</b>	<b>\$ 0.69</b>

On April 14, 2021 a total 2,470,000 stock options were granted to certain directors, officers, and employees of the Company. Each option vests 1/36 on each month starting one month from grant date until the number of stock options are fully vested. The fair value of the 2,470,000 options granted was \$856,801. The options have been valued using Cox, Ross, and Rubenstein binomial tree with the following assumptions: expected dividend yield of 0%; share price of \$0.72; expected volatility of 60.43%; risk free rate of 0.95% and a forfeiture rate of 2%. The stock options are being expensed over the 36 month vesting period.

On June 1, 2021 a total 150,000 stock options were granted to directors and consultants of the Company. Each option vests 1/36 on each month starting one month from grant date until the number of stock options are fully vested. The fair value of the 150,000 options granted was \$38,699. The options have been valued using Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.76; expected volatility of 60%; risk free rate of 0.91% and a forfeiture rate of 0%. The stock options are being expensed over the 36 month vesting period.

On October 1, 2021 a total 100,000 stock options were granted to a director of the Company. Each option vest 1/36 on each month starting one month from grant date until the number of stock options are fully vested. The fair value of the 100,000 options granted was \$31,183. The options have been valued using Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.61; expected volatility of 60%; risk free rate of .1.07% and a forfeiture rate of 0%. The stock options are being expensed over the 36 month vesting period.

**8. Share Capital (continued)**

c) Warrants

Movements in the warrants are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, July 31 2020</b>	13,537,716	\$ 0.63
Granted	2,825,640	0.40
Exercised	(218,571)	0.50
Expired	(3,385,200)	1.02
<b>Balance, July 31, 2021</b>	<b>12,759,585</b>	<b>\$ 0.48</b>
Granted	-	-
Exercised	-	-
Expired	-	-
<b>Balance, October 31, 2021</b>	<b>12,759,585</b>	<b>\$ 0.48</b>

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

The number of warrants exercised after October 31, 2021 is referred to in note 12.

**9. Commitments**

**Flow through shares**

As part of the March 2021 financing, the Company committed to incur, on a best-efforts basis, by December 31, 2022, \$4,999,845 in qualifying resource expenditures pursuant to a private placement for which flow-through proceeds have been received. The Company, for the period ending and as at October 31, 2021 had incurred \$1,677,752 and has an expenditure commitment of \$1,585,037 remaining, respectively (July 31, 2021 – incurred \$1,737,056; commitment remaining \$3,262,789).

**10. Capital Management**

As at October 31, 2021, the Company had a working capital surplus of \$1,026,356 (July 31, 2021: \$1,994,922) and an accumulated deficit of \$86,832,036 (July 31, 2021: \$85,711,462) and for the period ended October 31, 2021 had net cash used in operating activities of \$787,133 (October 31, 2020: \$309,938).

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

## **12. Subsequent Event**

On November 18, 2021, the Company closed its “bought deal” private placement (the “Offering”) with Haywood Securities Inc. (“Haywood”), as sole underwriter and bookrunner. The Offering consisted of 12,923,700 flow-through shares of the Company (the “FT Shares”), including full exercise of the Underwriter’s Option, 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.

In consideration for its services, the Company has paid Haywood a cash commission equal to 6.0% of the gross proceeds from the Offering and that number of non-transferable compensation options (the “Compensation Options”) as is equal to 6.0% of the aggregate number of FT Shares sold under the Offering. Each Compensation Option is exercisable to acquire one common share of the Company at a price of C\$0.50 per share for a period of 24 months from the closing date of the Offering.

On November 22, 2021, Red Pine announced that the Company’s common shares began trading on the OTCQB Marketplace, a U.S. trading platform operated by the OTC Markets Group Inc. The Company’s OTC stock symbol remains as “RDEXF” following the uplisting from the OTC Pink Sheets.

From October 31, 2021 through December 14, 2021, the Company received notice of the exercise of 6,159,033 warrants of the 9,933,945 warrants expiring on December 31, 2021, with an exercise price of \$0.50 per common share. This represents 62% of these warrants being exercised for gross proceeds of \$3,079,516.

On December 14, 2021, Jim O’Neill, the newly appointed Chief Financial Officer and Corporate Secretary of the Company was granted 150,000 stock options. Each stock option is exercisable into one common share of the Company at a price of \$0.52 CAD per common share, with vesting over 36 months, and exercisable for a period of five years from the date of grant.