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**Red Pine Exploration Inc.**

**Condensed Interim Financial Statements**

For the Three-Month Period Ended October 31, 2015

(Unaudited, 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 interim financial statements.

**Responsibility for Financial Statements**

The accompanying condensed interim financial statements have been prepared by and are the responsibility of the Company's management.

The accompanying condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) appropriate in the circumstances. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement.

The accompanying condensed interim financial statements have been approved by the Board of Directors.

## Red Pine Exploration Inc.

### Condensed Interim Statement of Financial Position (unaudited) (Expressed in Canadian Dollars)

|                                                   | October 31,<br>2015 | July 31,<br>2015  |
|---------------------------------------------------|---------------------|-------------------|
| <b>Assets</b>                                     |                     |                   |
| <b>Current assets</b>                             |                     |                   |
| Cash and Cash Equivalents                         | \$ 149,506          | \$ 115,229        |
| Marketable Securities                             | 2,500               | 2,500             |
| Accounts Receivable                               | 47,313              | 75,848            |
| Due from Joint Venture Partners (note 4)          | 195,021             | 80,690            |
|                                                   | 394,340             | 274,267           |
| Equipment (note 5)                                | 12,445              | 14,843            |
| <b>Total Assets</b>                               | <b>\$ 406,785</b>   | <b>\$ 289,110</b> |
| <b>Liabilities</b>                                |                     |                   |
| <b>Current liabilities</b>                        |                     |                   |
| Accounts Payable and Accrued Liabilities (note 6) | \$ 403,393          | \$ 459,993        |
| Provision (note 13)                               | 200,000             | 200,000           |
| Current Portion of Lease Inducements (note 7)     | 15,922              | 15,922            |
| Short-Term Loan (note 8)                          | -                   | 206,667           |
|                                                   | 619,315             | 682,582           |
| Long-Term Portion of Lease Inducements (note 7)   | 43,787              | 47,767            |
| <b>Total Liabilities</b>                          | <b>663,102</b>      | <b>730,349</b>    |
| <b>Shareholders' Equity (deficiency)</b>          |                     |                   |
| Share Capital (note 9)                            | 21,467,316          | 21,023,679        |
| Reserves (notes 10 and 11)                        | 8,244,891           | 7,916,906         |
| Accumulated Deficit                               | (29,968,523)        | (29,381,824)      |
| <b>Total Equity</b>                               | <b>(287,817)</b>    | <b>(441,239)</b>  |
| <b>Total Equity and Liabilities</b>               | <b>\$ 406,785</b>   | <b>\$ 289,110</b> |

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

**Exploration and evaluation expenditures** (note 3)

## Red Pine Exploration Inc.

### Condensed Interim Statement of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

|                                                                                         | Three months ended  |                     |
|-----------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                         | Oct 31, 2015        | Oct 31, 2014        |
| <b>Expenses</b>                                                                         |                     |                     |
| Exploration and evaluation expenditures (note 3)                                        | \$ 409,896          | \$ 186,126          |
| Payroll and professional fees                                                           | 19,065              | 46,938              |
| Share-based compensation (note 11)                                                      | 98,910              | -                   |
| General and administrative                                                              | 26,919              | 32,350              |
| Office Facilities                                                                       | 22,135              | 18,157              |
| Short-Term Loan Interest                                                                | 13,333              | -                   |
| Amortization (note 5)                                                                   | 2,398               | 1,892               |
| <b>Total Expenses</b>                                                                   | <b>590,902</b>      | <b>285,463</b>      |
| Other income (note 4)                                                                   | 4,200               | -                   |
| <b>Net Loss and Comprehensive Loss</b>                                                  | <b>\$ (586,702)</b> | <b>\$ (285,463)</b> |
| <b>Basic and Diluted Loss per Share</b> (note 12)                                       | <b>\$ (0.01)</b>    | <b>\$ (0.01)</b>    |
| <b>Basic and Diluted Weighted-Average Number of Common Shares Outstanding</b> (note 12) | <b>69,237,343</b>   | <b>49,921,559</b>   |

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

## Red Pine Exploration Inc.

### Condensed Interim Statement of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

|                                                |                     |                            | ----- Reserves -----   |                     |                                                        |                       |                     |  |
|------------------------------------------------|---------------------|----------------------------|------------------------|---------------------|--------------------------------------------------------|-----------------------|---------------------|--|
|                                                | Number<br>of shares | Share<br>Capital<br>Amount | Contributed<br>Surplus | Warrants            | Accumulated<br>Other<br>Comprehensive<br>Income (loss) | Deficit               | Total               |  |
| <b>Balance, July 31, 2014</b>                  | <b>49,921,559</b>   | <b>\$ 20,696,725</b>       | <b>\$ 4,105,105</b>    | <b>\$ 3,545,403</b> | <b>\$ -</b>                                            | <b>\$(26,679,266)</b> | <b>\$ 1,667,967</b> |  |
| Net loss and comprehensive loss for the period | -                   | -                          | -                      | -                   | -                                                      | (285,463)             | (285,463)           |  |
| <b>Balance, October 31, 2014</b>               | <b>49,921,559</b>   | <b>\$ 20,696,725</b>       | <b>\$ 4,105,105</b>    | <b>\$ 3,545,403</b> | <b>\$ -</b>                                            | <b>\$(26,964,729)</b> | <b>\$ 1,382,504</b> |  |
| Private placement                              | 2,799,412           | 139,971                    | -                      | -                   | -                                                      | -                     | 139,971             |  |
| Fair value of warrants issued                  | -                   | (38,700)                   | -                      | 38,700              | -                                                      | -                     | -                   |  |
| Cost of issue                                  | -                   | (14,317)                   | -                      | 6,519               | -                                                      | -                     | (7,798)             |  |
| Warrants expired                               | -                   | -                          | 1,833,769              | (1,833,769)         | -                                                      | -                     | -                   |  |
| Shares issued for property                     | 1,600,000           | 240,000                    | -                      | -                   | -                                                      | -                     | 240,000             |  |
| Stock-based compensation                       | -                   | -                          | 221,179                | -                   | -                                                      | -                     | 221,179             |  |
| Net loss and comprehensive loss for the period | -                   | -                          | -                      | -                   | -                                                      | (2,417,095)           | (2,417,095)         |  |
| <b>Balance, July 31, 2015</b>                  | <b>54,320,971</b>   | <b>\$ 21,023,679</b>       | <b>\$ 6,160,053</b>    | <b>\$ 1,756,853</b> | <b>\$ -</b>                                            | <b>\$(29,381,824)</b> | <b>\$ (441,239)</b> |  |
| Private placement                              | 14,916,372          | 745,818                    | -                      | -                   | -                                                      | -                     | 745,818             |  |
| Fair value of warrants issued                  | -                   | (185,700)                  | -                      | 185,700             | -                                                      | -                     | -                   |  |
| Cost of issue                                  | -                   | (116,481)                  | -                      | 43,375              | -                                                      | -                     | (73,106)            |  |
| Stock-based compensation                       | -                   | -                          | 98,910                 | -                   | -                                                      | -                     | 98,910              |  |
| Net loss and comprehensive loss for the period | -                   | -                          | -                      | -                   | -                                                      | (587,702)             | (580,297)           |  |
| <b>Balance, October 31, 2015</b>               | <b>69,237,343</b>   | <b>\$ 21,467,316</b>       | <b>\$ 6,258,963</b>    | <b>\$ 1,985,928</b> | <b>\$ -</b>                                            | <b>\$(29,968,523)</b> | <b>\$ (249,914)</b> |  |

The accompanying notes are an integral part of these financial statements.

**Red Pine Exploration Inc.****Condensed Statement of Cash Flows (unaudited)***(Expressed in Canadian Dollars)*

|                                            | <b>Three months ended</b> |                     |
|--------------------------------------------|---------------------------|---------------------|
|                                            | <b>Oct 31, 2015</b>       | <b>Oct 31, 2014</b> |
| <b>Cash Flow from Operating Activities</b> |                           |                     |
| Net loss for the year                      | \$ (586,702)              | \$ (285,463)        |
| Items not affecting cash:                  |                           |                     |
| Stock-based compensation                   | 98,910                    | -                   |
| Amortization of lease inducement           | (3,981)                   | 21,835              |
| Amortization                               | 2,398                     | 1,892               |
| Change in non-cash working capital:        |                           |                     |
| Change in non-cash working capital         | 57,606                    | (73,215)            |
|                                            | <b>(431,769)</b>          | <b>(334,951)</b>    |
| <b>Cash Flow from Investing Activities</b> |                           |                     |
|                                            | -                         | -                   |
| <b>Cash Flow from Financing Activities</b> |                           |                     |
| Proceeds from private placements           | 745,819                   | -                   |
| Share issue costs                          | (73,106)                  | -                   |
| Short-term loan repayment                  | (206,667)                 | -                   |
| Loan from related party                    | -                         | (15,000)            |
|                                            | <b>466,046</b>            | <b>(15,000)</b>     |
| <b>Increase (Decrease) in Cash</b>         | <b>34,277</b>             | <b>(349,951)</b>    |
| <b>Cash, Beginning of Year</b>             | <b>115,229</b>            | <b>1,932,480</b>    |
| <b>Cash, End of Year</b>                   | <b>\$ 149,506</b>         | <b>\$ 1,582,529</b> |

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

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
*For the period ended October 31, 2015 and 2014*

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

Red Pine Exploration Inc. (the "Company") was founded in 1936 under the laws of Ontario, Canada for the purpose of the acquisition, exploration, and development of mining properties. The Company's head office is located at 141 Adelaide Street West, Suite 520, Toronto, Ontario, M5H 3L5.

The accompanying condensed interim 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. The Company is currently in the exploration stage and has not commenced commercial operations.

As at October 31, 2015, the Company had working capital deficiency of \$218,572 and an accumulated deficit of \$29,962,121.

This casts significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account 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. 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.

**2. Significant Accounting Policies**

**(a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance 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).

Accordingly, the 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, 2015. 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 financial statements were approved by the Board of Directors on December 15, 2015.

**(b) Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value.

**(c) Significant accounting estimates**

The preparation of these 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 financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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. There were no significant assumptions and estimates required in these financial statements.

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
*For the period ended October 31, 2015 and 2014*

**3. Exploration and Evaluation Expenditures**

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its various properties:

|                        | July 31, 2014<br>Balance | FY 2015<br>Expenditures | July 31, 2015<br>Balance | Q1 2016<br>Expenditures | Oct 31, 2015<br>Balance |
|------------------------|--------------------------|-------------------------|--------------------------|-------------------------|-------------------------|
| Wawa Gold Property (i) | \$ -                     | \$ 1,757,367            | \$ 1,757,367             | \$ 409,896              | \$ 2,167,263            |
| Kipawa Property (ii)   | -                        | 240,000                 | 240,000                  | -                       | 240,000                 |
| Cayenne Property (iii) | 6,034,643                | 93,089                  | 6,127,732                | -                       | 6,127,732               |
| Algoma-Talisman (iv)   | 3,531,319                | 25,910                  | 3,557,229                | -                       | 3,557,229               |
| Mortimer Property (v)  | 883,475                  | -                       | 883,475                  | -                       | 883,475                 |
| Other Properties (vi)  | 3,685,519                | 3,158                   | 3,688,677                | -                       | 3,688,677               |
|                        | \$ 14,134,956            | \$ 2,119,524            | \$ 16,254,480            | \$ 409,896              | \$ 16,664,376           |

**(i) Wawa Gold Property**

The Wawa Gold property consists of four contiguous mining claim groups totalling 5.338 hectares located approximately 2 kilometres southeast of the Town of Wawa in Northern Ontario. The Company has met the conditions to earn a 30% interest in the underlying joint venture (the "Wawa Gold JV"), which is also owned 30% by Augustine Ventures Inc. ("Augustine") and 40% by Citabar Limited Partnership ("Citabar").

On December 11, 2014, the Company entered into an assignment and assumption agreement with Augustine and with Citabar pursuant to which the parties agreed to amend the Property Option Agreement dated April 16, 2009, to allow the Company to earn up to a 45% interest in the Wawa Gold JV under the following terms:

- The Company was required to incur \$2.1 million in eligible exploration expenditures by September 30, 2015 in order to earn a 30% interest.
- Upon earning the 30% interest, the Company became the Manager under the terms of the Wawa Gold JV.
- The Company has the right to earn one-half of an additional 15% interest (or 7.5%) in the Wawa Gold Project by incurring a further \$2.0 million in eligible exploration expenditures by June 30, 2016, so long as a total of \$4.0 million is spent in the aggregate by the Company and Augustine, which could be increased up to the entire 15% interest if all such additional \$4.0 million is incurred by Red Pine.
- The Company also has the right to earn a pro rata interest in Augustine's existing interests in all mineral properties acquired by Augustine, including any future acquisitions, within an area of influence defined as a 2 kilometre radius from the perimeter of the Wawa Gold Project by satisfying certain criteria.

**(ii) Kipawa Property**

The Kipawa property consists of 68 claims totalling 4.012 hectares in the Gendreau, Campeau and Reclus townships of Quebec located approximately 15 kilometres east of Temiscaming.

On October 22, 2014, the Company signed a Property Purchase Agreement (the "PPA") with Fiducie Ananke (the "Vendor") to acquire 100% of its Kipawa Silica Property (the "Kipawa Property"). The PPA was subsequently amended on April 8, 2015 whereby the Company issued 1,600,000 common shares valued at \$240,000 and granted a 1% Net Smelter Return ("NSR") that can be fully repurchased by the Company for \$500,000. The vendor is entitled to receive the following additional common shares if the Company completes certain financings by October 31, 2015:

- 400,000 shares will be issued if \$5,000,000 (including a minimum of \$300,000 non-flow-through dollars) is raised by October 31, 2015.

During the period, the Company completed a financing that did not satisfy the conditions for the issuance of these additional shares to the vendor.



**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
*For the period ended October 31, 2015 and 2014*

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**3. Exploration and Evaluation Expenditures (Continued)**

**(iii) Cayenne Property**

The Cayenne property consists of 21 Claims and 4 patented mining units covering 41.5 square kilometres in the Marion and Genoa Townships located approximately 110 kilometres southwest of Timmins, Ontario. The Company owns 100% of the property.

Glencore Xstrata plc ("Glencore"), the previous owner of the property, holds a 1.5% net smelter return royalty ("NSR") after recovery of all exploration costs incurred on the property by the Company, as well as a onetime buy back right (the "Buy Back Right") to reacquire up to a 50% interest, on a portion of the property that was originally optioned from Falconbridge Limited in 2005 (the "Falconbridge Claims") plus a one-kilometer area of influence around the Falconbridge claims.

On December 1, 2013, the Company signed an exploration agreement with the Flying Post First Nation ("FPFN"). The agreement permits the Company to undertake exploration activities within the respective band's traditional and customary lands in return for the following:

- If the Company proceeds with a Preliminary Exploration Program Phase 1:
  - The Company will issue on a one-time basis 10,000 common shares and 20,000 common share purchase warrants within 15 days of, and subject to approval of the TSX Venture Exchange ("TSXV") exchange, the execution of this agreement (issued). Each share purchase warrant will entitle the holder to purchase one non flow through share of the Company at an exercise price of the greater of \$0.25 per share or the closing stock price on the day of approval by the TSXV exchange. The term of the share purchase warrants is five years from the date of issue.
  - The Company will also contribute a one-time lump sum payment of \$5,000 to the Community Fund of FPFN (paid).
- If the Company proceeds with a Preliminary Exploration Program Phase 2:
  - The Company will issue on a one-time basis 10,000 common shares and 20,000 common share purchase warrants within 15 days of, and subject to approval of the TSXV, the execution of this agreement. Each share purchase warrant will entitle the holder to purchase one non flow through share of the Company at an exercise price of the greater of \$0.25 per share or the closing stock price on the day of approval by the TSXV. The term of the share purchase warrants is five years from the date of issue.
  - The Company will also contribute a one-time lump sum payment of \$5,000 to the Community Fund of FPFN.
- If the Company proceeds with Exploration Programs After Phase 1 and 2:
  - The Company will issue on a one-time basis 50,000 common shares and 100,000 common share purchase warrants within 15 days of, and subject to approval of the TSXV, the execution of this agreement. Each share purchase warrant will entitle the holder to purchase one non flow through share of the Company at an exercise price of the greater of \$0.25 per share or the closing stock price on the day of approval by the TSXV. The term of the share purchase warrants is five years from the date of issue.
  - The Company will also contribute a one-time lump sum payment of \$5,000 to the Community Fund of FPFN.
  - The Company will pay 2% of all Assessment eligible Exploration Program costs incurred specifically on the project area after this agreement takes effect, to a maximum of \$50,000 per agreement year. This amount is exclusive of the one time lump sum payments of \$15,000 in aggregate and negotiation costs associated with transacting any future agreements entered into.
  - The FPFN shall appoint an elders committee, which will be engaged for the purpose of consultation and advice. The Company will provide up to \$10,000 per year to the Elders Committee as an honorarium fee for travel.

**(iv) Algoma-Talisman Property**

The Company has a 100% interest in patented land package covering approximately 65 square kilometres of fee simple patented mineral rights in Coppell and Newton Townships of the Porcupine Mining Division of Northern Ontario located approximately 110 km southwest of Timmins, Ontario.

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
*For the period ended October 31, 2015 and 2014*

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**3. Exploration and Evaluation Expenditures (Continued)**

**(v) Mortimer Property**

The Company has a 100% interest in 14 unpatented mining claims covering approximately 2.3 square kilometres 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.

**(vi) Other Properties**

Costello

The Company has a 100% interest in a claims block covering 1.4 square kilometers adjacent to properties held by and located approximately 1 km east of Lake Shore Gold Corp's Timmins West Mine in Timmins, Ontario.

Mt. Logano

The Company has a 100% interest in claims block covering 33.9 square kilometers located approximately 11 km east of the Dome mine in Timmins, Ontario.

Moffatt

The Company has a 100% interest in a claims block covering 17.8 square kilometres located approximately 10 km northwest of Atikokan, Ontario.

Ava-Claire Net Smelter Royalty

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

Edwards Net Smelter Royalty

The Company retains a 2% NSR on a property consisting of 43 claims in the Wawa area of Ontario owned by Richmond Mines Inc., which has the right to repurchase the NSR for \$1,500,000.

**4. Due from Joint Venture Partners**

On August 7, 2015, the Company executed a joint venture agreement with respect to the Wawa Gold Property as described in Note 3(i). As the operating manager of the JV, the Company is entitled to receive project management fees from its JV partners, which are recognized as Other Income.

During the period, the Company incurred exploration expenses under the JV agreement totalling \$188,002 (2014 - \$nil) of which approximately 70% are attributable to and reimbursable by the JV partners.

As of October 31, 2015, the Company had net receivables due from JV partners of \$195,021 (2014 - \$nil).

**5. Equipment**

|           |           | October 31,<br>2015         |                | July 31,<br>2015 |                |
|-----------|-----------|-----------------------------|----------------|------------------|----------------|
|           | Cost      | Accumulated<br>Depreciation | Net Book Value |                  | Net Book Value |
| Equipment | \$ 66,778 | \$ 54,333                   | \$ 12,445      | \$               | 14,843         |

The equipment consists of all terrain vehicles (ATV's).

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
*For the period ended October 31, 2015 and 2014*

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**6. Related Party Transactions and Balances**

Related parties include the members of the Board of Directors and certain key management as well as companies controlled by these individuals.

The following transactions with related parties occurred during the three-month period ended October 31, 2015:

- a) During the period, a corporation under common control provided exploration services totalling \$126,045 (2014 - \$15,000) that was recorded in evaluation expenditures.
- b) During the period, key management compensation included \$25,295 (2014 - \$19,500) that was recorded as exploration expenditures and \$Nil (2014 - \$17,250) that was recorded in payroll and professional fees.
- c) During the period ended October 31, 2015, key management and directors received 900,000 options valued at \$42,390 (2014 – Nil valued at \$Nil) that was recorded in stock-based compensation.
- d) As at October 31, 2015, accounts receivable from related parties totalled \$nil (2014 - \$30,000) and accounts payable to related parties totalled \$92,038 (2014 - \$nil).

**7. Leasehold Inducements**

On November 4, 2013 the Company extended its office space lease agreement for five years from August 15, 2014 to August 14, 2019. Under the renewal terms of the operating lease, the Company received leasehold inducements consisting of nine free months from August 15, 2014 to May 15, 2015 representing a total value of \$66,343 as of May 15, 2015. This lease inducement is being amortized on a straight-line basis to profit or loss over the remaining term of the lease at a rate of \$15,922 per year.

|                                  |    | <b>October 31,<br/>2015</b> |    | <b>July 31,<br/>2015</b> |
|----------------------------------|----|-----------------------------|----|--------------------------|
| Total Remaining Lease Inducement | \$ | <b>59,709</b>               | \$ | <b>63,689</b>            |
| Less: Current Portion            | \$ | <b>15,922</b>               | \$ | <b>15,922</b>            |
|                                  |    | <b>\$43,787</b>             |    | <b>\$47,767</b>          |

**8. Short-Term Loan**

On June 24, 2015 the Company entered into a short-term loan agreement for gross proceeds of \$200,000 to be used for closing a Transaction with Citabar related to the Wawa Gold Project as described in Note 3(i)). The loan principal was repaid in full plus interest of \$20,000 of which \$6,667 had been accrued as of July 31, 2015.

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
*For the period ended October 31, 2015 and 2014*

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**9. Share Capital**

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares have no par value.

b) Issued share capital

As at October 31, 2015 the Company had 69,237,343 common shares outstanding (July 31, 2015: 54,320,971). All issued shares are fully paid.

During the period ending October 31, 2015, the Company closed the final tranche of a non-brokered financing with gross proceeds of \$745,818 through the issuance of 14,916,372 flow-through units at a price of \$0.05 per unit. In connection with this financing, the Company paid \$73,106 cash commissions and issued 982,140 non-transferable compensation warrants entitling the holder to acquire one common share for a price of \$0.05 per share with an expiry date of three years from date of issuance.

Each flow-through unit consists of one flow-through share and one-half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$0.10 per share for a period of three years from the date of issue.

**10. Warrants**

A summary of the Company's issued and outstanding share purchase warrants, as at October 31, 2015 and July 31, 2015 and changes during the period is presented below:

| Expiry              | Weighted Average<br>Exercise<br>Price | Outstanding<br>July 31,<br>2014 | Issued    | Expired/<br>Cancelled | Outstanding<br>October 31,<br>2015 | Fair<br>Value |
|---------------------|---------------------------------------|---------------------------------|-----------|-----------------------|------------------------------------|---------------|
| December 19, 2017   | \$ 0.250                              | 7,040,000                       | -         | -                     | 7,040,000                          | 769,880       |
| April 30, 2017      | \$ 0.500                              | 7,017,900                       | -         | -                     | 7,017,900                          | 825,700       |
| April 30, 2017      | \$ 0.275                              | 635,628                         | -         | -                     | 635,628                            | 109,964       |
| February 19, 2017   | \$ 0.250                              | 20,000                          | -         | -                     | 20,000                             | 6,090         |
| July 30, 2018       | \$ 0.050                              | 155,965                         | -         | -                     | 155,965                            | 6,519         |
| July 30, 2018       | \$ 0.100                              | 1,499,709                       | -         | -                     | 1,499,709                          | 38,700        |
| August 13, 2018 (a) | \$ 0.100                              | -                               | 2,258,186 | -                     | 2,258,186                          | 58,500        |
| August 13, 2018 (a) | \$ 0.050                              | -                               | 238,805   | -                     | 238,805                            | 10,555        |
| August 20, 2018 (a) | \$ 0.100                              | -                               | 2,750,000 | -                     | 2,750,000                          | 67,100        |
| August 20, 2018 (a) | \$ 0.050                              | -                               | 393,110   | -                     | 393,110                            | 17,375        |
| August 28, 2018 (a) | \$ 0.100                              | -                               | 2,450,000 | -                     | 2,450,000                          | 60,100        |
| August 28, 2018 (a) | \$ 0.050                              | -                               | 350,225   | -                     | 350,225                            | 15,445        |
|                     | \$ 0.260                              | 16,369,202                      | 8,440,326 | -                     | 24,809,528                         | 1,985,928     |

- c) The relative fair value of the 8,440,326 warrants issued in connection with the private placement during the period ended October 31, 2015 was estimated at \$229,075 using the Black-Scholes model for pricing options under the following weighted average assumptions: risk free interest rate 0.42%; dividend yield 0%; expected stock volatility 180%; and an expected life of 3 years.

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
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**11. Stock Option Plan**

The Company has a stock option plan (the "Plan") under which the Board of Directors of the Company may grant options to qualified directors and officers of the Company and its affiliates. 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 options vest immediately upon being granted. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares.

The following is a continuity schedule for each series of stock options outstanding at October 31, 2015:

| Expiry              | Exercise Price | Outstanding at July 31, 2015 | Granted   | Expired / Cancelled | Outstanding at October 31, 2015 |
|---------------------|----------------|------------------------------|-----------|---------------------|---------------------------------|
| February 18, 2016   | \$0.500        | 265,000                      | -         | -                   | 265,000                         |
| March 4, 2016       | \$0.500        | 729,000                      | -         | -                   | 729,000                         |
| March 4, 2016       | \$0.600        | 96,000                       | -         | -                   | 96,000                          |
| July 10, 2018       | \$0.500        | 380,000                      | -         | -                   | 380,000                         |
| December 18, 2018   | \$0.500        | 1,193,000                    | -         | -                   | 1,193,000                       |
| February 25, 2020   | \$0.500        | 1,663,000                    | -         | -                   | 1,663,000                       |
| August 27, 2020 (a) | \$0.055        | -                            | 2,100,000 | -                   | 2,100,000                       |
|                     | \$0.50         | 4,326,000                    | 1,663,000 | (488,000)           | 6,426,000                       |

- a) The fair value of the 2,100,000 stock options granted during the period ending October 31, 2015 was estimated at \$98,910 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.74%; dividend yield - 0%; expected stock volatility - 170%; and an expected life of 5 years.

All outstanding options vested on their respective date of grant.

**12. Loss per Share**

The following table sets out the computation for basic and diluted loss per share for the period ended:

|                                  | <b>October 31, 2015</b> | October 31, 2014 |
|----------------------------------|-------------------------|------------------|
| Net loss attributable to common  | <b>\$ (580,297)</b>     | \$ (285,463)     |
| Weighted average common shares   | <b>69,237,343</b>       | 49,921,559       |
| Basic and diluted loss per share | <b>\$ (0.01)</b>        | (0.01)           |

The options and warrants outstanding during the period ended October 31, 2015 and 2014 were excluded from the computation of diluted loss per share as the potential effect was anti-dilutive.

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**Notes to Audited Financial Statements**  
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**13. Commitments and Provisions**

**Lease Payment Commitments**

As of October 31, 2015, the Company was committed to annual lease payments of \$104,808 for its office and administrative premises until August 2019.

**Flow-Through Commitments**

The Company has completed “flow-through” share financings during prior periods resulting in commitments for Canadian exploration expenditures (“CEEs”) that must be incurred and paid for subsequent to the financing and prior to the end of specific calendar years. “Flow-through” shares and exploration expenditures qualifying as CEEs are defined in the Income Tax Act of Canada.

| <b>CEE Commitments</b> | <b>Amount (\$)</b> | <b>Spent (\$)</b> | <b>Remaining (\$)</b> |
|------------------------|--------------------|-------------------|-----------------------|
| December 31, 2014      | 1,267,500          | 1,267,500         | -                     |
| December 31, 2015      | 2,283,545          | 2,283,545         | -                     |
| December 31, 2016      | 875,789            | 226,146           | 609,643               |

**Flow-Through Provision**

For the calendar year ended December 31, 2012, there is uncertainty regarding the eligibility of certain payments made qualifying as CEEs within the prescribed time frames. Accordingly, the Company has a provision of \$200,000 (July 31, 2015 - \$200,000), which is included in accounts payable and accrued liabilities. The provision consists of the estimated Part XII.6 taxes and the indemnification to affected flow-through shareholders for any unfulfilled CEE commitments, which was calculated using a 35% combined tax rate applied against the potential CEE shortfall.

**Management Contract**

The Company is a party to a management contract. This contract contains clauses requiring that \$48,000 could be paid upon a change of control of the Company. As the likelihood of this event taking place is not determinable, the contingent payment has not been reflected in these financial statements.

**14. Capital Management**

The Company's capital is composed of shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic and economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended October 31, 2015. The Company is not subject to externally imposed capital requirements.

**Red Pine Exploration Inc.**  
**Notes to Audited Financial Statements**  
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**15. Financial Risk Factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**a) Fair value**

The fair values of the Company's cash, accounts receivable, accounts payable and short-term loan approximate their carrying values because of the short-term nature of these instruments.

**b) Credit risk**

The Company's credit risk is primarily attributable to cash and cash equivalents placed on deposit with major Canadian banks.

As of October 31, 2015 the cash and cash equivalents are mainly held in savings accounts.

Accounts receivable consists of Canadian sales tax receivable and amounts due from Joint Venture partners. The Company has certain concentration of credit risk arising from the ability of its Joint Venture partners to pay their contractual obligations relating to the joint venture agreement.

**c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. The Company maintained sufficient cash and cash equivalents during the period to satisfy short-term business requirements.

The Company's expected source of cash flow in the upcoming year will mainly be through equity financings.

As of October 31, 2015, the Company had a working capital deficiency of \$202,650 (2014 - \$1,387,308) and a cash balance of \$149,506 (2014 - \$1,582,529) and expects to collect receivables to settle current financial liabilities of \$596,990 (2014 - \$385,954), which excludes non-cash current lease inducements.

**e) Market risks**

The significant market risks to which the Company is exposed are interest rate risk, commodity price risk and financing risk.

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of October 31, 2015, the Company only had cash balances and as a result interest rate risk is remote.

The Company is exposed to commodity price risks, particularly with respect to gold, which could influence the ability of the company to raise equity financing for the exploration and development of its mineral projects. The Company closely monitors base and precious metal prices to determine the appropriate course of action to be taken. Price risk is insignificant at this time since the Company is not a producing entity.