
Red Pine Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the Three-Month Period Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

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)

	October 31, 2018	July 31, 2018
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,603,058	\$ 1,943,300
Marketable Securities	2,500	2,500
Amounts Receivable (note 3)	380,813	295,115
Amounts Receivable from Joint Venture Partners (note 5)	125,131	563,791
Prepaid Expenses	67,023	64,398
Total Current Assets	2,178,525	2,869,104
Equipment (note 4)	126,804	149,960
Perpetual Software Licenses (note 4)	24,279	26,304
Leasehold Improvements (note 4)	100,680	105,474
Long-Term Rent Deposit (note 12)	41,579	41,579
Total Assets	\$ 2,471,867	\$ 3,192,421
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (note 7)	\$ 742,865	\$ 375,198
Deferred Flow-Through Premium (note 8)	38,108	130,031
Flow-Through Provision (note 9)	110,876	110,876
Lease Inducements (note 10)	11,942	15,922
Total Current Liabilities	903,791	632,027
Rental Deposit (note 12)	17,281	17,281
Total Liabilities	921,072	649,308
Shareholder's Equity		
Share Capital (note 11)	47,313,698	46,361,624
Contributed Surplus	7,814,994	7,658,688
Warrant Reserve (note 11)	7,887,001	8,834,875
Accumulated Deficit	(61,464,898)	(60,312,074)
Total Shareholders' Equity	1,550,795	2,543,113
Total Liabilities and Shareholders' Equity	\$ 2,471,867	\$ 3,192,421

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)

	Three-month period ended October 31, 2018	Three-month period ended October 31, 2017
Expenses		
Exploration Expenditures (notes 5)	1,482,412	1,654,352
General and Administrative	121,320	99,357
Payroll & Professional Fees (note 6)	126,888	97,854
Depreciation and Amortization (note 4)	27,949	24,778
Share based compensation	156,306	
Foreign Exchange Loss		91
Interest Income	(402)	-
Deferred Premium (note 8)	(91,923)	(50,466)
Recovery of Exploration Expenditures (notes 5)	(669,726)	(548,149)
Total Expenses	1,152,824	1,277,817
Loss and Comprehensive Loss for the Period	\$(1,152,824)	\$(1,277,817)
Loss per share – basic and diluted	\$ (0.00)	\$(0.00)
Weighted average shares outstanding	294,285,255	264,324,484

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)

	Three-Month Period Ended October 31, 2018	Three-Month Period Ended October 31, 2017
Operating Activities		
Loss for the Period	\$ (1,152,824)	\$ (1,277,817)
Adjustments for non-cash items:		
Amortization of lease inducements	(3,980)	(3,981)
Amortization and depreciation	27,949	24,778
Amortization included in exploration expenditures	2,025	2,025
Share-based property acquisition	-	10,000
Share-based compensation	156,306	
Recognition of deferred premium	(91,923)	(50,466)
Change in working capital items:		
Amounts receivable	(85,698)	292,287
Amounts receivable from joint-venture partners	438,660	99,969
Prepaid expenses	(2,625)	(12,637)
Accounts payable and accrued liabilities	367,668	(543,836)
Rent deposit	-	-
Net cash used in operating activities	(344,442)	(1,459,678)
Financing Activities		
Proceeds from warrant and option exercise	4,200	19,405
Net cash provided by financing activities	4,200	19,405
Cash and Cash Equivalents		
Net increase in cash and cash equivalents	(340,242)	(1,440,273)
Cash and cash equivalents - beginning of period	1,943,300	3,388,171
Cash and cash equivalents - end of period	\$ 1,603,058	\$ 1,947,898
Supplemental Disclosures:		
Interest received as cash	402	785

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 Deficit \$	Shareholder's Equity (Deficiency) \$
Balance – July 31, 2018	294,209,655	46,361,624	7,658,688	8,834,875	(60,312,074)	2,543,113
Loss for period					(1,152,824)	(1,152,824)
Other Comprehensive Income						
Total Comprehensive Income					(1,152,824)	(1,152,824)
Warrants Exercised	84,000	4,200	-	-	-	4,200
Fair Value of Warrants Exercised	-	4,166	-	(4,166)	-	-
Fair Value of Warrants Expired	-	943,708	-	(943,708)	-	-
Share-Based Compensation			156,306		-	156,306
Loss for the Year	-	-	-	-	-	-
Balance – October 31, 2018	294,293,655	47,313,698	7,814,994	7,887,001	(61,464,898)	1,550,795
Balance – July 31, 2017	264,149,026	44,037,907	7,642,199	8,462,564	(56,477,785)	3,664,885
Loss for period					(1,277,817)	(1,277,817)
Other Comprehensive Income						
Total Comprehensive Income					(1,277,817)	(1,277,817)
Shares Issued for Acquisition of Properties	100,000	10,000	-	-	-	10,000
Warrants Exercised	388,105	19,405	-	-	-	19,405
Fair Value of Warrants Exercised	-	9,918	-	(9,918)	-	-
Shares-for-Debt Settlement	146,209	16,083	-	-	-	16,083
Balance – October 31, 2017	264,783,340	44,093,313	7,642,199	8,452,646	(57,755,602)	2,432,556

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 three-month periods ended October 31, 2018 and 2017

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 October 31, 2018, the Company had a working capital surplus of \$1,274,734 (July 31, 2018: \$2,237,077) and an accumulated deficit of \$ 61,464,898 (July 31, 2018: \$ 60,312,074).

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
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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 November 23, 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, 2018.

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 11.

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 8 and 9.

Red Pine Exploration Inc.
Notes to Condensed Interim Consolidated financial statements
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3. Trade and Other Receivables

	October 31, 2018	July 31, 2018
	\$	\$
Related Party Receivable (Note 6)	303,555	200,994
HST Receivable	54,748	71,612
Other Receivable	22,510	22,509
	380,813	295,115

4. Equipment, Software and Leasehold Improvements

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

	Vehicular Equipment \$	Exploration Equipment \$	Office Equipment \$	All Equipment \$
Balance – July 31, 2017	68,321	111,755	18,451	198,527
Depreciation	(7,319)	(11,955)	(710)	(19,984)
Balance – October 31, 2017	61,002	99,800	17,741	178,543
Acquisitions	35,218	2,401	982	38,601
Depreciation	(28,477)	(36,474)	(2,233)	(67,184)
Balance – July 31, 2018	67,743	65,727	16,490	149,960
Depreciation	(10,254)	(12,158)	(744)	(23,156)
Balance – October 31, 2018	57,489	53,569	15,746	126,804

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

	Software Licenses \$	Leasehold Improvements \$
Balance – July 31, 2017	34,404	124,650
Amortization	(2,025)	(4,794)
Balance – October 31, 2017	32,379	119,856
Amortization	(6,075)	(14,382)
Balance – July 31, 2018	26,304	105,474
Amortization	(2,025)	(4,794)
Balance – October 31, 2018	24,279	100,680

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5. Mineral Properties

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

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

	Wawa Gold Project \$	Cayenne Property \$	Other Properties \$	Total Properties \$
Balance – July 31, 2017	29,526,490	6,137,686	8,436,096	44,100,272
Property Acquisition Costs	35,000	-	-	35,000
Exploration Expenditures	1,619,352	-	-	1,619,352
Balance – October 31, 2017	31,180,842	6,137,686	8,436,096	45,754,624
Property Acquisition Costs	602,909	-	6,000	608,909
Exploration Expenditures	3,774,682	-	40,078	3,814,760
Balance – July 31, 2018	35,558,433	6,137,686	8,482,174	50,178,293
Exploration Expenditures	1,482,412	-	-	1,482,412
Balance – October 31, 2018	37,040,845	6,137,686	8,482,174	51,660,705

During the three-month period ended October 31, 2018:

- a) The Company incurred total acquisition, exploration and evaluation expenditures of \$1,482,412 on the Wawa Gold property (2017: \$1,654,352).
- b) 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 three-month period ended October 31, 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.

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Mineral Properties (Continued)

	Citabar \$	Augustine \$	All JV Partners \$
Balance – July 31, 2017	2,629,978	715,613	3,345,591
Recovery of JV Expenditures	548,149	-	548,149
Balance – October 31, 2017	3,178,127	715,613	3,893,740
Recovery of JV Expenditures	2,430,619	-	2,430,619
Balance – July 31, 2018	5,608,746	\$ 715,613	6,324,359
Recovery of JV Expenditures	669,726	-	669,726
Balance – October 31, 2018	6,278,472	\$ 715,613	6,994,085

As at October 31, 2018, a total of \$125,131 (July 31, 2018 - \$ 563,791) was due from the joint-venture partners.

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5. Mineral Properties (Continued)

Wawa Gold Project

As at October 31, 2018 the Wawa Gold property consisted of 34 unpatented and mining claims and 164 patented and leased mining claims totaling 5,582 contiguous hectares and hosts several past producing mines. The project area is located approximately 2 kilometres east of the Town of Wawa in northern Ontario.

On August 7, 2015, the Company met the conditions to earn its initial 30% interest in the underlying joint venture (the "Wawa Gold JV"), which was owned 30% by Augustine and 40% by Citabar, whereby the Company became the operating manager of the JV. In the fall of 2015, all 34 unpatented mining claims were transferred to a 30/30/40 shared holding to reflect the satisfied earn in agreement. As operating manager:

- a) The Company is entitled to receive project management fees from the JV partners.
- b) The Company shall be reimbursed periodically by the JV partners on a pro rata basis for all exploration expenditures incurred for the benefit of the joint-venture, which are recognized as a reduction of exploration expenditures when invoiced to the JV partners.

On February 3, 2017, the Company completed a plan of arrangement whereby Augustine became a wholly-owned subsidiary resulting in an increase in the ownership to 60% of the Wawa Gold Property.

Cayenne Property

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

Algoma-Talisman Property

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

Mortimer Property

The Company has a 100% interest in a block of 12 contiguous unpatented mining claims covering approximately 2.3 square kilometers in the Dore Township approximately 110 km southwest of Timmins, Ontario. The previous owners retain NSRs ranging between 0.2% and 2% on certain claims and the Company has the option to purchase a portion of these NSRs for various cash payments as specified in the original purchase agreements.

Mount Logano Property

The Company held a 100% interest in 1 unpatented mining claim (3 claim units) located approximately 11 km east of the Dome mine in Timmins, Ontario. The claim is subject to a 3% NSR for gold and a 2% NSR for other minerals mined in the Mt. Logano Property. The Company has the right at any time to buy back 50% of the NSR (or 1.50% NSR for gold and 1.00% NSR for all other minerals) for the sum of \$3,000,000.

Moffatt Property

The Company has a 100% interest in 4 unpatented mining claims covering 704 hectares located approximately 10 km northwest of Atikokan, Ontario.

Net Smelter Royalties

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

Red Pine Exploration Inc.
Notes to Condensed Interim Consolidated financial statements
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6. Related Party Transactions and Balances

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

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

Three Month Ended October 31		
	2018	2017
	\$	\$
Short-term benefits ⁽¹⁾	84,975	\$ 81,750
Share-based payments ⁽²⁾	112,069	-
Total	197,044	81,750

(1) Includes salary and professional fees.

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

As of October 31, 2018, the following related party balances were outstanding:

Included in Amounts Receivable is an amount of \$303,555 (July 31, 2018: \$200,994) related to exploration, rent and general & administrative charges from a company under common management. 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: \$125,131 (July 31, 2018: \$563,791)

7. Trade Payable and Accrued Liabilities

	Year ended July 31, 2018	Year ended July 31, 2017
	\$	\$
Trade Payables	714,646	286,898
Accrued Liabilities	28,219	44,480
HST Payable	-	43,820
	742,865	375,198

Red Pine Exploration Inc.
Notes to Condensed Interim Consolidated financial statements
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8. 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:

Financing Series	2017 F/T Series \$	2017 F/T Series \$	Total Deferred Premium \$
Balance - July 31 2017	137,934	-	137,934
Decrease of Deferred Premium	(50,466)	-	(50,466)
Balance - October 31, 2017	87,468	-	87,468
Recognition of Deferred Premium		113,500	113,500
Decrease of Deferred Premium	70,937	-	(70,937)
Balance – July 31, 2018	16,531-	113,500	130,031
Decrease of Deferred Premium	(16,531)	(75,392)	(91,923)
Balance – October 31, 2018	-	38,108	38,108

Red Pine Exploration Inc.
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9. Provision for Flow-Through Shares

During the year ended July 31, 2015, the Company recorded a contingent provision of \$200,000 to recognize the obligation to flow-through subscribers of the 2011 series, which was calculated using a 35% combined rate applied against the estimated CEE shortfall.

Based on the results of a CRA audit completed in March 2016 of qualified CEEs incurred during the years ended December 31, 2011 and 2012, it was determined there was a shortfall of \$227,592 and \$526,743 for the 2011 and 2012 F/T series, respectively. As a result, the total provisions for the obligations to flow-through subscribers were increased by \$64,000 during the year ended July 31, 2016.

The following table sets out the changes to the provision for the obligation to flow-through subscribers:

Financing Series	2010 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2011 \$	2011 F/T Series with CEE Commitments to the Calendar Year Ending December 31, 2012 \$	Total Provision
Balance – July 31, 2017	79,500	184,500	264,000
Settlements	(22,932)	(102,265)	(125,197)
Balance – October 31, 2017	56,568	82,235	138,803
Settlements	(14,139)	(13,788)	(27,927)
Balance – July 31, 2018, and October 31, 2018	42,429	68,447	110,876

During the three-month period ended October 31, 2018, \$nil settlements occurred. The following settlement transactions occurred during the three-month period ended October 31, 2017:

- 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, \$109,114 in cash to settle total indebtedness of \$109,114.
- 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.

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10. 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:

	Current Portion	Long-Term Portion	Lease Inducement Balance
	\$	\$	\$
Balance – July 31, 2017	15,922	15,923	31,845
Lease Inducement Amortization	-	(3,981)	(3,981)
Balance – October 31, 2017	15,922	11,942	27,864
Lease Inducement Amortization	-	(11,942)	(11,942)
Balance – July 31, 2018	15,922	-	15,922
Lease Inducement Amortization	(3,981)	-	(3,981)
Balance – October 31, 2018	11,941	-	11,941

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11. 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, 2018 the Company had 294,293,655 issued and outstanding common shares (July 31, 2018: 294,209,655). All issued and outstanding common shares are fully paid.

During the three months ended October 31, 2018:

- The Company issued a total of 84,000 common shares upon the exercise of 84,000 common share purchase warrants at an average exercise price of \$0.05 for gross proceeds of \$4,200.

During the three months ended October 31, 2017:

- The Company issued a total of 388,105 common shares upon the exercise of 388,105 common share purchase warrants at an average exercise price of \$0.05 for gross proceeds of \$19,405.
- 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.
- 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.

(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.

As at October 31, 2018, the Company had 12,990,000 fully vested stock options outstanding (October 31, 2017: 16,291,000) with exercise prices ranging from \$0.05 to \$0.50 per stock option (October 31, 2017: \$0.055 to \$0.50).

During the three months ended October 31, 2018, 2,650,000 stock options were granted to directors, officers and consultants (2017: \$nil) with an estimated fair value of \$156,306 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.25% %, dividend yield 0%, expected stock volatility of 211.72% %, and an expected life of 5 years. The stock options vested immediately.

(c) Warrants

As at October 31, 2018, the Company had 94,852,708 share purchase warrants outstanding (October 31, 2017: 94,240,443) with exercise prices ranging from \$0.06 to \$0.17 per warrant (October 31, 2017: \$0.05 to \$0.25)

During the three months ended October 31, 2018, 11,125,428 share purchase warrants expired (2017: \$nil) with a fair market value of \$943,708 and 84,000 share purchase warrants were exercised (October 31, 2017: 388,105) for gross proceeds of \$4,200 (October 31, 2017: \$19,405) and a fair market value of 4,166 (October 31, 2017: \$9,918)

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 October 31, 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

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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 October 31, 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:

Minimum Lease Payments	October 31, 2017 \$	July 31, 2018 \$
No later than 1 year	281,102	327,564
Later than 1 year, but no later than 5 years	418,176	427,469
Later than 5 years	17,424	43,560
Total	716,702	798,593

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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 October 31, 2018:

Financing Series	2016 F/T Series	2017 F/T Series A	2017 F/T Series B
Financing Date	June 3, 2016	February 24, 2017	December 29, 2017
Commitment Deadline	December 31, 2017	December 31, 2018	December 31, 2018
Commitment Amount	\$ 1,098,000	\$ 4,000,101	\$ 567,500
Less: Expenditures Incurred in 2016	(98,000)	-	-
Less: Expenditures Incurred in 2017	(1,000,000)	(1,783,384)	-
Less: Expenditures Incurred in 2018	-	(2,216,717)	(376,961)
Estimated F/T Expenditures Remaining	\$ -	\$ -	\$ 190,539

The following tables sets out the flow-through expenditure commitments as of July 31, 2017 that were assumed by the Company upon the acquisition of Augustine Ventures Inc.:

Financing Series	2016 F/T Series
Financing Date	December 12, 2016
Commitment Deadline	December 31, 2017
Commitment Amount	\$ 500,000
Less: Expenditures Incurred in 2016	-
Less: Expenditures Incurred in 2017	(500,000)
Estimated F/T Expenditures Remaining	\$ -

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13. Capital Management

As at October 31, 2017, the Company had a working capital surplus of \$ 1,274,734 (July 31, 2017: 2,237,077).

There were no changes in the Company's approach to capital management during the three-month period ended October 31, 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 \$ 125,131 as at October 31, 2018 (July 31, 2018: \$ 563,791).

The amounts due from subtenants are subject to counterparty default risk, and total \$nil as at October 31, 2018 (July 31, 2018: \$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 October 31, 2018, the Company had a cash and cash equivalents balance of \$1,603,058 (July 31, 2018: \$1,943,300) to settle current liabilities of \$903,791 (July 31, 2018: \$632,027). 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

- During December 2018, the Company completed a private placement financing for gross proceeds of \$3,691,500. The Company issued 37,380,000 non-flow-through units (“Units”) and 36,450,000 flow-through shares (“FT shares”) of the Company, each priced at \$0.05. Each FT share was issued on a “flow-through” basis, as defined in the Income Tax Act (Canada). The flow through premium associated with this financing was \$277,900. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company, which is exercisable to acquire on additional common share for a period of 24 months from the issuance thereof at a price of \$0.075 per share. A total of 18,690,000 common share purchase warrant were issued with an estimated fair value of \$496,392 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.21% %, dividend yield 0%, expected stock volatility of 97%, and an expected life of 2 years. As part of the financing the Company paid Finders a cash commission of \$71,750 and issued 1,435,000 non-transferrable compensation options (“Compensation Options”), with each Compensation Option being exercisable into one Common Share of the Company at a price of \$0.05 for a period of 24 months from the date of closing of the Offering. The Compensation Options have an estimated fair value of \$26,863.47 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 2.21% %, dividend yield 0%, expected stock volatility of 97%, and an expected life of 2 years.