Red Pine Exploration Inc.

Audited Consolidated Financial Statements

For the Years Ended July 31, 2017 and 2016

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Red Pine Exploration Inc.:

We have audited the accompanying consolidated financial statements of Red Pine Exploration Inc., which comprise the consolidated statements of financial position as at July 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Red Pine Exploration Inc. as at July 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Red Pine Exploration Inc.'s ability to continue as a going concern.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

November 28, 2017 — Licensed Public Accountants

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

	July 31, 2017	July 31, 2016
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 3,388,171	$ 1,644,354
Marketable Securities	2,500	2,500
Amounts Receivable (note 6)	674,250	108,927
Amounts Receivable from Joint Venture Partners (notes 3, 5, 6)	328,118	230,073
Prepaid Expenses	43,635	33,798
Total Current Assets	4,436,674	2,019,652
Equipment (note 4)	198,527	14,873
Perpetual Software Licenses (note 4)	34,404	-
Leasehold Improvements (note 4)	124,650	-
Long-Term Rent Deposit (note 13)	41,579	-
Total Assets	**$ 4,835,834**	**$ 2,034,525**
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (notes 6)	$ 719,889	$ 352,908
Deferred Flow-Through Premium (note 7)	137,934	394,600
Flow-Through Provision (note 8)	264,000	264,000
Lease Inducements (note 9)	15,922	15,922
Total Current Liabilities	1,137,745	1,027,430
Lease Inducements (note 9)	15,923	31,845
Rental Deposit (note 13)	17,281	17,281
Total Liabilities	1,170,949	1,076,556
Shareholder's Equity		
Share Capital (note 10)	44,037,907	22,949,805
Contributed Surplus (note 11)	7,642,199	6,318,813
Warrant Reserve (note 12)	8,462,564	2,564,822
Accumulated Deficit	(56,477,785)	(30,875,471)
Total Shareholders' Equity	3,664,885	957,969
Total Liabilities and Shareholders' Equity	**$ 4,835,834**	**$ 2,034,525**

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

Nature of Operations and Going Concern *(note 1)*
Commitments and Contingencies *(note 13)*
Subsequent Events *(note 16)*

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

	Year ended July 31, 2017	Year ended July 31, 2016
Revenues		
Exploration Services	$ -	$ 46,130
Sale of Mineral Property	-	30,000
Total Revenues	-	76,130
Expenses		
Exploration Expenditures (note 4, 6)	26,567,135	1,278,657
General and Administrative (notes 9, 13)	896,090	431,168
Payroll & Professional Fees (note 6)	646,022	396,139
Share-Based Compensation (note 11)	354,159	158,760
Depreciation and Amortization (note 4)	66,635	10,467
Foreign Exchange Loss	127	
Provision (note 8)	-	64,000
Finance Expenses	-	43,501
Interest Income	(476)	(102)
Deferred Premium (note 7)	(394,600)	-
Recovery of Exploration Expenditures (note 5)	(2,532,778)	(812,813)
Total Expenses	25,602,314	1,569,777
Loss and Comprehensive Loss for the Year	$(25,602,314)	(1,493,647)
Loss per share – basic and diluted	$ (0.14)	$ (0.02)
Weighted average shares outstanding	180,441,117	74,166,998

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

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

	Year Ended July 31, 2017	Year Ended July 31, 2016
Operating Activities		
Loss for the Year	$ (25,602,314)	$ (1,493,647)
Adjustments for non-cash items:		
Acquisition of Augustine (note 3)	21,035,673	-
Amortization of lease inducements	(15,922)	(15,922)
Amortization and depreciation	72,710	10,467
Recognition of deferred premium	(394,600)	-
Stock-based compensation	354,159	158,760
Change in working capital items:		
Amounts receivable	(565,323)	47,611
Amounts receivable from joint-venture partners	(98,045)	(230,073)
Prepaid expenses	(9,837)	(33,798)
Accounts payable and accrued liabilities	639,236	92,914
Rent deposit	(41,579)	-
Tenant deposit	-	17,281
Short-term loan interest		(6,667)
Flow-through provision		64,000
Net cash used in operating activities	(4,625,842)	(1,389,074)
Investing Activities		
Vehicular purchases, net of disposals	(87,827)	-
Exploration equipment purchases	(133,003)	(10,497)
Office equipment purchases	(19,870)	-
Perpetual software licenses	(40,479)	-
Leasehold improvements	(134,238)	-
Net cash used in investing activities	(415,417)	(10,497)
Financing Activities		
Proceeds from private placement, net of issue costs	5,924,395	3,116,946
Proceeds from warrant and option exercise	860,681	11,750
Short-term loan	-	(200,000)
Net cash provided by financing activities	6,785,076	2,928,696
Cash and Cash Equivalents		
Net increase in cash and cash equivalents	1,743,817	1,529,125
Cash and cash equivalents - beginning of year	1,644,354	115,229
Cash and cash equivalents - end of year	$ 3,388,171	$ 1,644,354
Supplemental Disclosures:		
Interest received as cash	476	102

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

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

	Shares #	Share Capital $	Contributed Surplus $	Warrant Reserve $	Accumulated Other Comprehensive Income $	Accumulated Deficit $	Shareholder's Equity (Deficiency) $
Balance - July 31, 2015	**54,320,971**	**21,023,679**	**6,160,053**	**1,756,853**	**-**	**(29,381,824)**	**(441,239)**
Private Placement	14,916,372	745,819	-	-	-	-	745,819
Fair Value of Warrants Issued	-	(248,589)	-	248,589	-	-	-
Private Placement	25,387,600	2,153,008	-	-	-	-	2,153,008
Fair Value of Warrants Issued	-	(337,051)	-	337,051	-	-	-
Private Placement	8,000,000	640,000	-	-	-	-	640,000
Fair Value of Warrants Issued	-	(231,076)	-	231,076	-	-	-
Cost of Issue	-	(421,881)	-	-	-	-	(421,881)
Warrants Exercised	185,000	11,750	-	-	-	-	11,750
Fair Value of Warrants Exercised	-	8,747	-	(8,747)	-	-	-
Fair Value of 2015 Flow-Through Premium	-	(175,000)	-	-	-	-	(175,000)
Fair Value of 2016 Flow-Through Premium	-	(219,600)	-	-	-	-	(219,600)
Stock-Based Compensation	-	-	158,760	-	-	-	158,760
Loss for the Year	-	-	-	-	-	(1,493,647)	(1,493,647)
Balance – July 31, 2016	**102,809,943**	**22,949,805**	**6,318,813**	**2,564,822**	**-**	**(30,875,471)**	**957,969**
Private Placement	48,755,566	6,540,340	-	-	-	-	6,540,340
Fair Value of Warrants Issued	-	(1,310,950)	-	1,310,950	-	-	-
Fair Value of Flow-Through Premiums	-	(137,934)	-	-	-	-	(137,934)
Cost of Issue	-	(615,945)	-	-	-	-	(615,945)
Shares Issued for Acquisition of Augustine	100,668,733	14,093,623	-	-	-	-	14,093,623
Warrants Issued for Acquisition of Augustine	-	-	-	5,972,823	-	-	5,972,823
Stock Options Issued for Acquisition of Augustine	-	-	969,227	-	-	-	969,227
Options Exercised	150,000	8,250	-	-	-	-	8,250
Warrants Exercised	9,495,982	852,431	-	-	-	-	852,431
Fair Value of Warrants Exercised	-	450,367	-	(450,367)	-	-	-
Fair Value of Warrants Expired	-	935,664	-	(935,664)	-	-	-
Shares-for-Debt Settlement	2,268,802	272,256	-	-	-	-	272,256
Stock-Based Compensation	-	-	354,159	-	-	-	354,159
Loss for the Year	-	-	-	-	-	(25,602,314)	(25,602,314)
Balance – July 31, 2017	**264,149,026**	**44,037,907**	**7,642,199**	**8,462,564**	**-**	**(56,477,785)**	**3,664,885**

The accompanying notes are an integral part of these 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 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 July 31, 2017, the Company had a working capital surplus of $3,298,929 (July 31, 2016: surplus of $992,222) and an accumulated deficit of $56,477,785 (July 31, 2016: deficit of $30,875,471).

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 cash significant doubt about the Company’s ability to continue as a going concern.

Theses 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.

2. Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and comply 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 consolidated financial statements were approved by the Board of Directors on November 28, 2017.

(b) Basis of presentation

These 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., which was acquired on February 3, 2017 (see Note 3). 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 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 7 and 8.

2. Significant Accounting Policies (Continued)

(d) Significant accounting judgements and estimates (Continued)

Deferred taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

(e) Foreign currencies

The presentation currency of the Company and its subsidiaries and the functional currency of the Company is the Canadian dollar.

(f) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.
- Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment.
- Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statements of loss and comprehensive loss.
- Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income / (loss) and recognized in the consolidated statements of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each financial position reporting date. Financial assets are impaired when there is objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

2. Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

- Other financial liabilities – This category includes other non-derivative accounts payables and accrued liabilities, which are recognized at amortized cost.

Financial instruments recorded at fair value in the consolidated statements of financial position are classified according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of the following:

Financial assets:

- Cash and cash equivalents classified as fair value through profit or loss
- Amounts receivables, excluding HST receivable, classified as loans and receivables
- Amounts receivables from Joint Venture Partners classified as loans and receivables
- Marketable securities classified as available-for-sale

Financial liabilities:

- Accounts payable and accrued liabilities classified as other financial liabilities
- Flow-through provision classified as other financial liabilities

The fair value of the Company's accounts receivable, amounts receivable from joint venture partners, flow through provision and accounts payable and accrued liabilities approximate the carrying value, which is the amount recorded on the consolidated statements of financial position. The Company's other financial instruments, cash and cash equivalents and marketable securities under the fair value hierarchy, are based on level 1 prices in active markets for identical assets or liabilities.

(g) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

(h) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations.

Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(i) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

2. Significant Accounting Policies (Continued)

(i) Income taxes (Continued)

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(j) Share-based payment transactions

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each period end, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are granted to non-employees and same or all goods and services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

(k) Asset retirement obligation

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, provides guidance relating to asset retirement obligations. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and charged to expenses as an exploration cost, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at July 31, 2017 and 2016, the Company had no asset retirement obligations.

(l) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(m) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

2. Significant Accounting Policies (Continued)

(n) Equipment

Equipment is stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful live, using the declining-balance method after taking into account their estimated residual values. Depreciation beings when the equipment becomes available for use. Depreciation is charged to the Consolidated Statements of Loss and Comprehensive Loss.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimated accounted for on a prospective basis. The estimated useful lives of equipment are estimated as follows:

- The Company owns all-terrain vehicles and other exploration equipment, which are depreciated on a straight-line basis over an estimated useful life of three (3) years.
- The Company owns office furniture and equipment, which are depreciated on a straight-line basis over an estimated useful life of seven (7) years.

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Gains and losses on disposals are determined by comparing net proceeds with carrying amounts and are included in the Consolidated Statements of Loss and Comprehensive Loss.

(o) Leasehold Improvements

Leasehold improvements are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of the leasehold improvements over their estimated useful live, using the declining-balance method. Depreciation beings when the leasehold improvements are completed. Depreciation is charged to the Consolidated Statements of Loss and Comprehensive Loss.

The estimated useful lives and depreciation method are reviewed at each reporting period, with the effect of any changes in estimated accounted for on a prospective basis. The estimated useful lives of leasehold improvements are estimated as follows:

- The Company completed leasehold improvements at its new principal office space, which is depreciated on a straight-line basis over the term of the lease of seven (7) years.

The carrying values of leasehold improvements are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

(p) Software Licenses

Software licenses exceeding one year are stated at cost less accumulated amortization. Amortization is charged so as to write off the cost of the software licenses over their estimated useful live, using the declining-balance method. Amortization beings when the software licenses are acquired. Amortization is charged to the Consolidated Statements of Loss and Comprehensive Loss.

The estimated useful lives and amortization method are reviewed at each reporting period, with the effect of any changes in estimated accounted for on a prospective basis. The estimated useful lives of software licenses are estimated as follows:

- The Company has acquired perpetual software licenses for exploration software packages that are amortized on a straight-line basis over an estimated useful life of five (5) years and the amortization is reported in Exploration Expenditures on the Consolidated Statements of Loss and Comprehensive Loss.

The carrying values of software licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

2. Significant Accounting Policies (Continued)

(q) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes income for the amount of tax reduction renounced to the shareholders. The premium is deferred and recognized as other income as the expenditure incurs, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(r) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the July 31, 2017 reporting period. Management believes the following standards will not have a significant impact on the Company's consolidated financial statements:

IFRS 9 Financial Instruments ("IFRS 9") was initially issued by the IASB in November 2009 and issued in its completed version in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-statement of financial position finance leases and off- statement of financial position operating leases. Instead, there is a single, on-statement of financial position accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined. IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted.

3. Acquisition of Augustine Ventures Inc.

On November 14, 2016, the Company and Augustine Ventures Inc. ("Augustine") announced a definitive arrangement agreement (the "Transaction") whereby the Company acquired all the outstanding securities of Augustine pursuant to the plan of arrangement provisions of the *Business Corporations Act* (Ontario). The Transaction was approved by Augustine shareholders and was completed on February 3, 2017, whereby Augustine became a wholly-owned subsidiary of the Company.

In accordance with IFRS 3 – Business Combinations, the Transaction does not meet the definition of a business combination as Augustine has not yet commenced commercial operations and is in the exploration stage. Consequently, the transaction has been recorded as an asset acquisition.

In consideration for the acquisition of Augustine:

a) Each Augustine common share was exchanged for 0.76 Red Pine common shares (the "Exchange Ratio") resulting in the issuance of 100,668,733 common shares. The fair value of these common shares was estimated at $14,093,623 based on a closing price of $0.14 per share.

b) Each outstanding Augustine warrant became exercisable pursuant to the terms of such warrant certificates for common shares of the Company, with the number of shares issuable and exercise price adjusted based on the Exchange Ratio, resulting in the effective issuance of 49,581,045 common share purchase warrants (see note 12). The fair value of the warrants was estimated at $5,972,823 using the Black-Scholes option pricing model with the following weighted average assumptions: current stock price $0.14, volatility 200%, risk-free rate 0.55%, dividend yield 0%, and expected life of 0.08 to 3.25 years.

c) All outstanding stock options of Augustine were cancelled prior to the effective time of the transaction and were reissued as Red Pine stock options, with the number of shares issuable and the exercise price adjusted based on the Exchange Ratio. The fair value of the stock options was estimated at $969,227 using the Black-Scholes option pricing model with the following weighted average assumptions: current stock price $0.14, volatility 200%, risk-free rate 0.55%, dividend yield 0%, and expected life 5 years. The stock options were issued on April 11, 2017 (see note 11).

The fair value of the total consideration on the acquisition date and the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

Purchase Price Consideration	**Fair Value**
Fair value of 100,668,733 Common Shares Issued	$ 14,093,623
Fair value of 49,581,045 Warrants Issued	5,972,823
Fair value of 8,284,000 Stock Options Reserved for Issuance	969,227
Fair Value of Purchase Price Consideration	**$ 21,035,673**

Net Assets Acquired	
Cash and Cash Equivalents	$ 35,399
Amounts Receivable	41,205
Prepaid Expenses	37,490
Exploration Asset (30% of Wawa JV) (Note 5)	21,212,777
Accounts Payable and Accrued Liabilities	(291,198)
Fair Value of Total Net Assets	**$ 21,035,673**

In accordance with the Company accounting policies, the exploration asset was expensed upon acquisition. The Amount Receivable from Joint Venture Partners relating to Augustine was eliminated upon acquisition resulting in a decrease of the Recovery of Exploration Expenditures by $216,023.

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, 2015	**14,843**	**-**	**-**	**14,843**
Acquisitions	-	10,497	-	10,497
Depreciation	(9,592)	(875)	-	(10,467)
Balance – July 31, 2016	**5,251**	**9,622**	**-**	**14,873**
Disposition	(1,000)	-	-	(1,000)
Acquisitions	88,827	133,003	19,870	241,700
Depreciation	(24,757)	(30,870)	(1,419)	(57,046)
Balance – July 31, 2017	**68,321**	**111,755**	**18,451**	**198,527**

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

	Software Licenses $	Leasehold Improvements $
Balance – July 31, 2015	**-**	**-**
Balance – July 31, 2016	**-**	**-**
Acquisitions	40,479	134,238
Amortization	(6,075)	(9,588)
Balance – July 31, 2017	**34,404**	**124,650**

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, 2015	**1,757,367**	**6,127,732**	**8,369,381**	**16,254,480**
Exploration Expenditures	1,260,755	5,484	12,418	1,278,657
Balance – July 31, 2016	**3,018,122**	**6,133,216**	**8,381,799**	**17,533,137**
Property Acquisition Costs (note 3)	21,212,777	-	-	21,212,777
Exploration Expenditures	5,295,591	4,470	54,297	5,354,358
Balance – July 31, 2017	**29,526,490**	**6,137,686**	**8,436,096**	**44,100,272**

During the year ended July 31, 2017:

a) The Company incurred total exploration and evaluation expenditures of $5,295,591 on the Wawa Gold property (2016: $1,260,755) and $21,212,777 on the acquisition of Augustine (2016: $nil), which resulted in an increased ownership of 30% in the Wawa Gold joint-venture.
b) The Company incurred total exploration and evaluation expenditures of $58,767 on other properties (2016: $17,902).
c) The following table represent the amounts invoiced to the Wawa Gold joint-venture partners for their prorated share of the exploration program costs incurred during the year-ended July 31, 2017, 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 (note 3).

	Citabar	Augustine	All JV Partners
Balance – July 31, 2015	**$ -**	**$ -**	**$ -**
Recovery of JV Expenditures	464,465	348,348	812,813
Balance – July 31, 2016	**$ 464,465**	**$ 348,348**	**$ 812,813**
Recovery of JV Expenditures	2,165,513	367,265	2,532,778
Balance – July 31, 217	**$ 2,629,978**	**$ 715,613**	**$ 3,345,591**

As at July 31, 2017, $328,118 (2016 - $230,073) was due from the joint-venture partners.

5. Mineral Properties (Continued)

Wawa Gold Project

The Wawa Gold property consists 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 December 11, 2014, the Company signed an assignment and assumption agreement with Augustine Ventures Inc. ("Augustine") and with Citabar Limited Partnership ("Citabar") pursuant to which the parties agreed to amend their 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:

a) The Company was required to incur $2.1 million in eligible exploration expenditures by September 30, 2015 to earn an initial 30% interest.
b) Upon earning the 30% interest, the Company became manager of the joint-venture.
c) The Company and Augustine have the shared right to earn an additional 15% interest in the joint-venture, whereby the Company may earn its additional 7.5% interest by incurring $2 million provided a total of $4.0 million is incurred by June 30, 2016. The Company may earn a pro rata share of Augustine's additional 7.5% interest by assuming a portion of Augustine's expenditures.
d) The Company also has the right to earn a pro rata interest in any of Augustine's existing mineral properties, 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 additional criteria.

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.

5. Mineral Properties (Continued)

Cayenne Property

As of October 31, 2017, 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.

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:

a) If the Company proceeds with a Preliminary Exploration Program Phase 1:

   a. 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.

   b. The Company will also contribute a one-time lump sum payment of $5,000 to the Community Fund of FPFN (paid).

b) If the Company proceeds with a Preliminary Exploration Program Phase 2:

   a. The Company will issue 10,000 common shares and 20,000 common share purchase warrants within 15 days. Each share purchase warrant will entitle the holder to purchase one common share of the Company at an exercise price of the greater of $0.25 or the closing stock price of the day and will be exercisable for a period of five years from the date of issue.

   b. The Company will contribute a one-time payment of $5,000 to the Community Fund of FPFN.

c) If the Company proceeds with Exploration Programs After Phase 1 and 2:

   a. The Company will issue 50,000 common shares and 100,000 common share purchase warrants within 15 days. Each share purchase warrant will entitle the holder to purchase one common share of the Company at an exercise price of the greater of $0.25 or the closing stock price of the day and will be exercisable for a period of five years from the date of issue.

   b. The Company will contribute a one-time payment of $5,000 to the Community Fund of FPFN.

   c. 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 payments of $15,000 in aggregate and negotiation costs associated with transacting any future agreements entered into.

   d. 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.

5. Mineral Properties (Continued)

Algoma-Talisman Property

The Company has a 100% interest in a 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

As of October 31, 2017, 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

As of October 31, 2017, 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.

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

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.

The following transactions occurred with related parties during the year ended July 31, 2017:

a) Key management personnel received the following compensation:
   a. Cash compensation of $320,758 (2016: $157,675), which has been recorded in exploration expenditures on the Consolidated Statements of Loss and Comprehensive Loss.
   b. Cash compensation of $213,603 (2016: $nil), which has been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
   c. Professional fees of $90,500 (2016: $33,842), which was paid to a corporation controlled by the CFO for professional services, which has been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.
   d. Professional fees of $64,000 (2016: $nil), which was paid to a corporation controlled by the Executive Director of Mining, which has been recorded in payroll and professional fees on the Consolidated Statements of Loss and Comprehensive Loss.

b) Directors and key management personnel received 1,850,000 stock options valued at $216,450 (2016: 1,325,000 stock options valued at $72,218).

c) In accordance with the plan of arrangement for the acquisition of Augustine:
   a. Former directors and key management personnel that are still with the Company received 3,420,000 stock options valued at $400,140.
   b. Former directors and key management personnel that are no longer with the Company received 4,028,000 stock options valued at $471,275.

d) A corporation under common management control contracted exploration services from the Company and was invoiced a total of $nil (2016: $46,130), which has been reported as exploration services revenue on the Consolidated Statements of Loss and Comprehensive Loss.

As of July 31, 2017, the outstanding related party balances were as follows:

a) Corporations under common management control owe the Company $32,520 (July 31, 2016: $nil) for the reimbursement of shared expenditures, which has been included in amounts receivable.

b) Former directors of wholly-owned subsidiary Augustine Ventures Inc., owe the Company $62,166 (July 31, 2016: $nil), which has been included in amounts receivable.

c) A Corporation controlled by the CFO owed the Company $2,657 (July 31, 2016: $nil) for the reimbursement of expenses, which has been included in amounts receivable.

d) A Corporation controlled by the Executive Director of Mining was owed $11,225 (July 31, 2016: $nil) for management consulting fees, which has been included in accounts payable.

e) The Company is the manager of and owns a 60% interest in a joint-venture partnership (see Note 5). The joint-venture partner owed the following net balances to the Company, which has been included in amounts receivable from joint-venture partners:
   a. Citabar: $328,118 (July 31, 2016: $nil)

7. 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	**2015 F/T Series**	**2016 F/T Series**	**2017 F/T Series**	**Total Deferred Premium**
Balance - July 31, 2015	**$ -**	**$ -**	**$ -**	**$ -**
Recognition of Deferred Premium	175,000	219,600	-	394,600
Balance - July 31, 2016	**$ 175,000**	**$ 219,600**	**$ -**	**$ 394,600**
Recognition of Deferred Premium	-	-	137,934	137,934
Decrease of Deferred Premium	(175,000)	(219,600)	-	(394,600)
Balance - July 31, 2017	**$ -**	**$ -**	**$ 137,934**	**$ 137,934**

8. 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, 2015	**$ -**	**$ 200,000**	**$ 200,000**
Adjustments to F/T Provisions	79,500	(15,500)	64,000
Balance – July 31, 2016 and 2017	**$ 79,500**	**$ 184,500**	**$ 264,000**

9. 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, 2015	**15,922**	**47,767**	**63,689**
Lease Inducement Amortization	-	(15,922)	(15,922)
Balance – July 31, 2016	**15,922**	**31,845**	**47,767**
Lease Inducement Amortization	-	(15,922)	(15,922)
Balance – July 31, 2017	**15,922**	**15,923**	**31,845**

10. Share Capital

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value. As at July 31, 2017 the Company had 264,149,026 issued and outstanding common shares (July 31, 2016: 102,809,943). All issued and outstanding common shares are fully paid.

a) Common Shares Issued during the year ended July 31, 2017:

- The Company issued a total of 150,000 common shares upon the exercise of 150,000 stock options at an average exercise price of $0.055 for gross proceeds of $8,250.

- The Company issued a total of 9,495,982 common shares upon the exercise of 9,495,982 common share purchase warrants at an average exercise price of $0.09 for gross proceeds of $852,431.

- On February 3, 2017, the Company completed the plan of arrangement relating to the acquisition of Augustine Ventures whereby the Company issued 100,668,733 common shares valued at $14,093,623 (note 3).

- On February 24, 2017, the Company completed a brokered private placement for gross proceeds of $6,540,340. The Company issued 21,168,666 common share units at a price of $0.12 per unit and 27,586,900 flow-through common shares at a price of $0.145 per share. Each FT Share was issued on a "flow-through" basis, as defined in the Income Tax Act (Canada). Each common share unit consisted of one common share and one common share purchase warrant exercisable for a period of three years at an exercise price of $0.17 per purchase warrant. As part of the financing, the Company paid $457,824 cash commissions, which is included in the total cost of issue of $615,945, and issued 3,412,889 non-transferable compensation warrants exercisable for a period of two years at an exercise price of $0.135 per compensation warrant. The flow through premium associated with this financing was $137,934 (note 7).

- On May 8, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain obligations (the "Debt") to former directors of Augustine Ventures Inc. ("Augustine"), which were incurred prior to becoming a wholly-owned subsidiary of the Company, through the issuance of common shares of the Company (the "Common Shares"). Pursuant to the settlement transaction, the Company issued a total of 2,268,802 common shares (the "Shares") at a deemed price of $0.12 per Share to settle a total indebtedness of $272,256.

b) Common Shares Issued during the year ended July 31, 2016:

- On August 31, 2015, the Company closed the final tranche of a non-brokered financing with gross proceeds of $745,819 through the issuance of 14,916,372 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through share ("FT Shares") and one-half of one common share purchase warrant. Each FT Share was issued on a "flow-through" basis, as defined in the Income Tax Act (Canada). 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. In connection with this financing, the Company paid cash compensation and legal costs of $82,734 and issued 870,982 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. The flow through premium associated with this financing is $175,000 (note 7).

- On June 3, 2016, the Company issued 12,200,000 flow-through shares ("FT Shares") at a price of $0.09 per FT Share and 13,187,600 common share units ("Common Units") at a price of $0.08 per Common Unit, for gross proceeds of $2,153,008. Each FT Share was issued on a "flow-through" basis, as defined in the Income Tax Act (Canada). Each Common Unit consists of one common share and one half of one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.10 for a period of 36 months. In connection with the financing, the Company also paid cash compensation and legal costs of $294,346 and issued 1,777,132 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.08 for a period of 24 months. The flow through premium associated with this financing is $219,600 (note 7).

10. Share Capital (Continued)

- On June 24, 2016, the Company issued 8,000,000 common share units ("Common Units") at a price of $0.08 per Common Unit. Each Common Unit consists of one common share and one half of one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.105 for a period of 36 months. In connection with the financing, the Company also paid cash compensation of $44,800 and issued 560,000 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.105 for a period of 24 months.

11. Stock Options

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

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

All outstanding stock options vested immediately.

The following is a continuity schedule of the stock options series outstanding from July 31, 2016 to July 31, 2017:

Expiry Date	Exercise Price	Outstanding July 31, 2016	Granted	Exercised	Expired or Cancelled	Outstanding July 31, 2017
July 10, 2018	$ 0.500	370,000	-	-	(110,000)	260,000
December 18, 2018	$ 0.500	1,103,000	-	-	(418,000)	685,000
February 25, 2020	$ 0.500	1,663,000	-	-	(303,000)	1,360,000
August 27, 2020	$ 0.055	2,100,000	-	(150,000)	(25,000)	1,925,000
April 5, 2021	$ 0.080	750,000	-	-	-	750,000
April 6, 2022 (a)	$ 0.120	-	3,027,000	-	-	3,027,000
April 11, 2022 (b)	$ 0.120	-	8,284,000	-	-	8,284,000
Total	**$ 0.16**	**5,986,000**	**11,311,000**	**(150,000)**	**(856,000)**	**16,291,000**

a) The fair value of the 3,027,000 stock options granted on April 6, 2017 was estimated at $354,159 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 5 years. The stock options vested immediately.

b) The fair value of the 8,284,000 stock options granted on April 11, 2017 as part of the acquisition of Augustine (note 3) was estimated at $969,227 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 5 years. The stock options vested immediately.

The following is a continuity schedule of the stock options series outstanding from July 31, 2015 to July 31, 2016:

Expiry Date	Exercise Price	Outstanding and Exercisable July 31, 2015	Granted	Exercised	Expired or Cancelled	Outstanding and Exercisable July 31, 2016
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	-	-	(10,000)	370,000
December 18, 2018	$ 0.500	1,193,000	-	-	(90,000)	1,103,000
February 25, 2020	$ 0.500	1,663,000	-	-	-	1,663,000
August 27, 2020 (a)	$ 0.055	-	2,100,000	-	-	2,100,000
April 5, 2021 (b)	$0.080	-	750,000	-	-	750,000
Total	$0.29	4,326,000	2,850,000	-	(1,190,000)	5,986,000

12. Warrants

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

The following is a continuity schedule for the warrants outstanding from July 31, 2016 to July 31, 2017:

Expiry Date	Exercise Price	Outstanding July 31, 2016	Issued	Exercised	Expired or Cancelled	Outstanding July 31, 2017	Fair Value July 31, 2017
March 5, 2017 [f]	$ 0.066	-	2,348,400	(2,348,400)	-	-	$ -
May 1, 2017	$ 0.275	635,628	-	-	(635,628)	-	$ -
May 1, 2017	$ 0.500	7,017,900	-	-	(7,017,900)	-	$ -
December 18, 2017	$ 0.250	6,400,000	-	-	-	6,400,000	$ 692,892
December 18, 2017 [a]	$ 0.250	640,000	-	-	-	640,000	$ 76,988
June 3, 2018	$ 0.080	1,777,132	-	-	-	1,777,132	$134,351
June 24, 2018	$ 0.105	560,000	-	(109,375))	-	450,625	$ 44,882
July 30, 2018	$ 0.050	155,965	-	-	-	155,965	$ 6,519
July 30, 2018	$ 0.100	1,499,708	-	-	-	1,499,708	$ 38,700
August 13, 2018	$ 0.050	270,982	-	-	-	270,982	$ 13,441
August 13, 2018	$ 0.100	2,208,186	-	-	(100,000)	2,108,186	$ 61,429
August 20, 2018	$ 0.050	330,000	-	(165,000)	-	165,000	$ 8,184
August 20, 2018	$ 0.100	2,750,000	-	(1,375,000)	-	1,375,000	$ 36,750
August 28, 2018	$ 0.050	135,000	-	(135,000)	-	-	$ -
August 28, 2018	$ 0.100	2,450,000	-	(2,250,000)	-	200,000	$ 5,298
September 2, 2018 [b][f]	$ 0.099		2,533,333	-	-	2,533,333	$ 301,655
September 2, 2018 [f]	$ 0.099		5,065,909	-	-	5,065,909	$ 586,039
February 9, 2019 [c][f]	$ 0.066		2,972,443	(84,444)	-	2,887,999	$ 368,499
February 9, 2019 [f]	$ 0.066		1,994,544	-	-	1,994,544	$ 250,294
February 9, 2019 [f]	$ 0.132		5,327,165	-	-	5,327,165	$ 633,935
February 17, 2019	$ 0.250	20,000	-	-	-	20,000	$ 6,090
February 24, 2019 [d]	$ 0.135		3,412,889	-	-	3,412,889	$ 404,427
February 25, 2019 [c][f]	$ 0.066		520,177	-	-	520,177	$ 66,553
February 25, 2019 [f]	$ 0.066		4,063,784	(216,263)	-	3,847,521	$ 484,397
April 7, 2019 [f]	$ 0.105		1,789,456	-	-	1,789,456	$ 220,282
April 8, 2019 [f]	$ 0.105		16,695,601	-	-	16,695,601	$ 2,055,731
May 5, 2019 [f]	$ 0.105		2,144,121	-	-	2,144,121	$ 265,704
June 3, 2019	$ 0.100	6,593,800	-	(1,250,000)	-	5,343,800	$ 164,274
June 24, 2019	$ 0.105	4,000,000	-	(1,562,500)	-	2,437,500	$ 106,823
September 2, 2019 [f]	$ 0.066		121,600	-	-	121,600	$ 15,793
December 13, 2019 [f]	$ 0.170		3,800,000	-	-	3,800,000	$ 478,985
February 24, 2020 [e]	$ 0.170		21,168,666	-	-	21,168,666	$ 906,523
April 7, 2020 [f]	$ 0.072		198,429	-	-	198,429	$ 26,318
May 3, 2020 [f]	$ 0.072		6,080	-	-	6,080	$ 808
Total	**$0.13**	**37,444,301**	**74,162,588**	**(9,495,982)**	**(7,753,528)**	**94,357,390**	**$ 8,462,564**

a) These broker warrants are exercisable into a unit consisting of one common share and one common share purchase warrant at an exercise price of $0.25 expiring on December 18, 2017. The embedded common share purchase warrant is not included in the totals.

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

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

12. Warrants (Continued)

d) The fair value of the 3,412,889 compensation warrants issued on February 24, 2017 was estimated at $404,427 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 2 years.

e) The fair value of the 21,168,666 warrants issued on February 24, 2017 was estimated at $906,523 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate 0.55%, dividend yield 0%, expected stock volatility 200%, and an expected life of 3 years.

f) These warrants were issued on February 3, 2017 as part of the acquisition of Augustine (note 3).

The following is a continuity schedule for the warrants outstanding from July 31, 2015 to July 31, 2016:

Expiry Date	Exercise Price	Outstanding July 31, 2015	Issued	Exercised	Expired or Cancelled	Outstanding July 31, 2016	Ending Fair Value
May 1, 2017	$ 0.275	635,628	-	-	-	635,628	$ 109,964
May 1, 2017	$ 0.500	7,017,900	-	-	-	7,017,900	$ 825,700
December 18, 2017	$ 0.250	6,400,000	-	-	-	6,400,000	$ 692,892
December 18, 2017 (f)	$ 0.250	640,000	-	-	-	640,000	$ 76,988
June 3, 2018 (b)	$ 0.080	-	1,777,132	-	-	1,777,132	$134,351
June 24, 2018 (d)	$ 0.105	-	560,000	-	-	560,000	$ 55,776
July 30, 2018	$ 0.050	155,965	-	-	-	155,965	$ 6,519
July 30, 2018	$ 0.100	1,499,708	-	-	-	1,499,708	$ 38,700
August 13, 2018 (a)	$ 0.050	-	270,982	-	-	270,982	$ 13,441
August 13, 2018 (a)	$ 0.100	-	2,258,186	(50,000)	-	2,208,186	$ 64,343
August 20, 2018 (a)	$ 0.050	-	330,000	-	-	330,000	$ 16,368
August 20, 2018 (a)	$ 0.100	-	2,750,000	-	-	2,750,000	$ 73,500
August 28, 2018 (a)	$ 0.050	-	270,000	(135,000)	-	135,000	$ 7,290
August 28, 2018 (a)	$ 0.100	-	2,450,000	-	-	2,450,000	$ 64,900
February 17, 2019	$ 0.250	20,000	-	-	-	20,000	$ 6,090
June 3, 2019 (c)	$ 0.100	-	6,593,800	-	-	6,593,800	$ 202,700
June 24, 2019 (e)	$ 0.105	-	4,000,000	-	-	4,000,000	$ 175,300
Total	$0.20	16,369,201	21,260,100	(185,000)	-	37,444,301	$ 2,564,822

13. 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.

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

As of July 31, 2017, 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. As of July 31, 2017, 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	**July 31, 2017 $**	**July 31, 2016 $**
No later than 1 year	327,564	211,188
Later than 1 year, but no later than 5 years	650,488	325,230
Later than 5 years	148,104	-
Total	**1,126,156**	**536,418**

13. 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 July 31, 2017:

Financing Series	**2015 F/T Series**	**2016 F/T Series**	**2017 F/T Series**
Financing Date	August 20, 2015	June 3, 2016	February 24, 2017
Commitment Deadline	December 31, 2016	December 31, 2017	December 31, 2018
Commitment Amount	$ 875,789	$ 1,098,000	$ 4,000,101
Less: Expenditures Incurred in 2016	(875,789)	(98,000)	-
Less: Expenditures Incurred in 2017	-	(1,000,000)	(429,395)
Estimated F/T Expenditures Remaining	**$ -**	**$ -**	**$ 3,570,706**

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	**$ -**

14. Capital Management

As of July 31, 2017, the Company had a working capital surplus of $3,298,929 (July 31, 2016: surplus of $992,222).

There were no changes in the Company's approach to capital management during the year ended July 31, 2017.

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.

15. 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 $328,118 as at July 31, 2017 (July 31, 2016 – $230,073).

The amounts due from subtenants are subject to counterparty default risk, and total $nil as at July 31, 2017 (July 31, 2016 - $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 July 31, 2017, the Company had a cash and cash equivalents balance of $3,388,171 (July 31, 2016: $1,644,354) to settle current liabilities of $1,137,745 (July 31, 2016: $1,027,430). 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.

16. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 - 26.5%) to the effective tax rate is as follows:

	Year ended July 31, 2017 $	Year ended July 31, 2016 $
Net loss for the year before income taxes	(25,602,314)	(1,493,647)
Expected income tax (recovery) expense	(6,784,610)	(395,820)
Tax rate changes and other adjustments	-	(161,060)
Share based compensation and non-deductible expenses	(9,860)	42,200
Effect of flow-through renunciation	655,560	85,350
Acquisition of Augustine	4,711,020	-
Changes in tax benefits not recognized	1,427,890	429,330
Income tax (recovery) expense	$ -	$ -

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Year ended July 31, 2017 $	Year ended July 31, 2016 $
Non-capital losses	11,699,330	5,381,590
Exploration expenditures	6,834,390	3,644,850
Capital losses carried forward	1,025,360	1,025,360
Share issue costs	1,343,410	822,790
Flow-through provision	264,000	264,000
Other temporary differences	-	69,400
Leasehold inducements	31,850	47,770
Investment tax credits	19,550	19,550
Property, plant and equipment	142,100	-
	$ 21,359,990	$ 11,275,310

16. Income Taxes (Continued)

Non-capital Losses

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2022. The investment tax credits will be fully expired in 2031. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2025	$ 48,060
2026	389,840
2027	574,180
2028	705,220
2029	658,810
2030	1,776,870
2031	1,523,950
2032	875,540
2033	591,660
2034	953,460
2035	262,660
2037	1,274,430
2037	2,064,650
	$ 11,699,300

17. Subsequent Events

- 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.

- During the month of October 2017, the Company completed settlement transactions whereby the Company agreed to settle certain obligations (the "Debt") to subscribers of its flow-through shares for financings that were completed in 2010 and 2011 through cash settlements. Pursuant to the settlement transactions, the Company paid $137,041 in cash to settle total indebtedness of $137,041.

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