

**This Management Discussion & Analysis (the “MD&A”) for the years ended July 31, 2021 and 2020 are being refiled to update the effective date of the MD&A to October 20, 2021 . Other than updating the effective date, there are no other changes to the MD&A.**



RED PINE EXPLORATION INC.  
145 Wellington Street West, Suite 1001  
Toronto, ON, M5J 1H8

Management’s Discussion and Analysis  
For the Years Ended July 31, 2021 and 2020  
(Expressed in Canadian Dollars)

**Red Pine Exploration Inc.  
Management's Discussion & Analysis  
For the Years ended July 31, 2021 and 2020**

This Management's Discussion and Analysis ("MD&A") of Red Pine Exploration Inc. (the "Company", "Red Pine", "we" or "our") is intended to enable readers to view the Company's performance, financial condition and future prospects through management's eyes and to provide material information to readers that may not be fully reflected in the financial statements.

This MD&A is intended to supplement and should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto for the years ended July 31, 2021 and 2020. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information relating to the company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company website at [www.redpineexp.com](http://www.redpineexp.com).

This MD&A is dated, and the information contained herein is presented as at October 20, 2021.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on the Company's website at [www.redpineexp.com](http://www.redpineexp.com) or on SEDAR at [www.sedar.com](http://www.sedar.com). This MD&A contains forward-looking information as further described in the "Cautionary Note Regarding Forward-Looking Statements" at the end of this MD&A. Please also make reference to those risk factors identified or otherwise indirectly referenced in the "Risks and Uncertainties" section below.

**QUALIFIED PERSON**

Quentin Yarie, P.Geo, the Company's President and Chief Executive Officer is the Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information disclosed in this MD&A.

## **DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS**

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's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "RPX" and common shares reported in the MD&A reflect the impact of the 10 for one consolidation of common shares completed on and effective March 31, 2021.

Red Pine is a Canadian junior precious metal exploration company engaged in the acquisition, exploration, and development of mineral properties with a particular focus on gold exploration projects located in northern Ontario. The Company's flagship asset is the Wawa Gold Project.

Our mineral properties are currently in the exploration stage, and we do not operate any mines. We have not generated operating revenues and are unlikely to pay dividends in the immediate future. Our continued operations are dependent upon the ability of the Company to obtain financing for the continued exploration of our mineral properties. We have not yet determined through a feasibility study whether the Wawa Gold Project, or any other mineral property, contains mineralization that is economically recoverable.

### **EXPLORATION PROPERTIES**

#### **Wawa Gold Project**

This property, comprised of over 6,800 hectares, hosts several former smaller scale mining operations with a combined historic production of 419,560 tonnes with a recovered 120,093 oz of gold at an average head grade of 9.04g/t<sup>1</sup> is located approximately 2 kilometres east of the Town of Wawa in northern Ontario.

The property hosts two NI 43-101 compliant resources<sup>1</sup> with an indicated gold resource of 230,000 gold ounces grading 5.47 g/t and an inferred resource of 471,000 gold ounces grading 5.39 g/t and is the primary focus of the Company's exploration programs.

On March 30, 2021, Red Pine Exploration Inc., completed a consolidation of the Wawa Gold Project through a definitive securities purchase agreement with the holders of the partnership interests in Citabar Limited Partnership. As a result, Red Pine acquired the 36.69% interest that it did not own, and now holds a 100% ownership interest in the Wawa Gold Project located near Wawa, Ontario.

Red Pine satisfied the purchase price of the partnership interest of \$12.6 million through the payment of \$11.3 million in cash, the granting of a 2% net smelter return royalty (the "NSR") valued at \$160,000 and the set-off of a \$1.1 million payable to Red Pine by the vendors 1.5% of the 2% NSR is subject to a buyback for a total cost of \$1.75 million. Red Pine elected to not issue any common shares to the vendors in connection with the Transaction.

#### **Other properties**

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<sup>1</sup> This information is historical in nature and has not been verified by the Company

The Company holds claims in various other properties which have not been the focus of the Company's exploration programs in recent years including the 100% interest in the Cayenne property in Genoa Township 110 kilometers southwest of Timmins, Ontario, the 100% interest in the Mortimer Property in the Dore Township approximately 110 km southwest of Timmins, Ontario, the 100% interest in the Fern Elizabeth Property located approximately 10 km northwest of Atikokan, Ontario and the 100% interest in the Rand Garrison property located approximately 46 kilometers west of Matheson and 50 kilometers north of Kirkland Lake.

On April 19, 2021 the Company entered into a definitive property purchase agreement to acquire 100% interest in additional mining claims located in the McMurray Township, Michipicoten region of Ontario. Pursuant to this agreement, Red Pine purchased all the rights, titles and interests in and to the mineral properties located in the Sault Ste. Marie Mining Division, for a sale price of CAD\$240,000 in cash and the issuance of 83,333 common shares at closing. The common shares issued in connection with the purchase agreement are subject to a standard four month hold period. On June 8, 2021, the Company received notice from the TSX-V that the acquisition is acceptable to TSX Venture Exchange and the Company completed the acquisition.

Subsequent to July 31, 2021, on August 20, 2021, the Company announced the execution of a definitive agreement with Newton Gold Corp. ("Newton") to sell all of Red Pine's rights, title and interest to Newton in the Algoma-Talisman gold property (the "Property"). The purchase price was CAD \$1,050,000, payable by Newton to Red Pine as follows: CAD \$550,000 payable on signing of the Transaction; (b) CAD \$500,000 payable on or before December 31, 2021 and is due before title transfer to Newton. In addition, Newton will grant a net smelter royalty of 1.5% (the "Royalty") from mineral production on the Property to Red Pine, which can be repurchased by Newton for CAD \$500,000. Proceeds of \$550,000 were received on August 20, 2021.

The Company also holds a 1.5% Net Smelter Return on approximately 75 square kilometers of claims 20 km east of the Newmont Borden Gold mine near Chapleau, Ontario.

## **Financial and Operating Highlights**

### **Corporate**

During the fiscal year the Company's primary activities included:

- Red Pine consolidating its ownership in the Wawa Gold Project to 100% in a transaction based on the market-implied read-through value of the vendors interest minority interest (See "Wawa Gold Project") and related financing (See "Liquidity and Capital Resources")
- Continuing with its planned 15,000 metres diamond drilling on its Wawa Gold Project
- Completed a one (1) new for every ten (10) old consolidation (10:1) of its Common Shares
- Granting an aggregate of 2,470,000 stock options to directors, employees, and consultants of the Company
- Announced it would acquire a 100% interest in a total area of 50.2 hectares of mining claims located within the Company's Wawa Gold Project property area for \$240,000 in cash and 83,333 common shares
- Completing the sale of its non-core Algoma-Talisman property for total consideration of \$1,050,000 and nsr

- Filed an updated NI 43-101 Technical Report including positive metallurgical results

## **Exploration Program**

As part of its on-going 2021 exploration drilling program, Red Pine is testing the northern and southern depth extensions of the Surluga Deposit and the Minto Mine South Deposit. One drill rig is active at the northern end of the Surluga Deposit and one drill rig is active at the southern end of the Surluga Deposit. The southern drill is able to concurrently test the possible extension of the Minto Mine South Deposit, the newly discovered Sadowski Gold Zone and the down plunge trend of the Surluga Deposit hosted in the Jubilee Shear.

At the southern end of the Surluga Deposit, in holes SD-21-296A, 297A, 298A and 302, the Jubilee Shear Zone was successfully intersected up to 400 metres from the current boundary of the Surluga Deposit resource. Results in the Jubilee Shear Zone for holes SD-21-296A, 297A and the top of hole SD-21-298A have previously been released.

Drilling at the southern end of the Surluga Deposit also resulted in the discovery of the down-dip extension of the Minto Vein in the Minto Mine Shear Zone in hole SD-21-297A, and the discovery of significant mineralization in the Minto Vein in hole SD-21-298A. Additional drilling is necessary to define the size and extent of this new zone of high grade gold mineralization in the Minto Vein. Hole SD-21-300 continues to expand the mineralized footprints of the newly discovered Sadowski Gold Zone, a newly discovered near-surface network of quartz veins hosting zones of high-grade mineralization.

At the northern end of the Surluga Deposit, drilling indicated that the Jubilee Shear Zone extends down-dip of the current limit of the inferred resource, and that zones of higher grade gold mineralization could exist in the unexplored down-dip extension of the structure. This is supported by the new drilling results from holes SD-21-299 and SD21-301 that confirm the extension of gold mineralization in the Jubilee Shear Zone down-dip of the current inferred resource of the Surluga deposit. In addition, in hole SD-21-299, a network of gold mineralized quartz veins was discovered above the Jubilee Shear Zone.

The exploration team also progressed surface exploration activities on and adjacent to the recently acquired 50.2 hectare War Eagle claims, as well as on the southern extension of the Grace Shear Zone.

## RESULTS OF OPERATIONS

	Three-month period ended July 31, 2021	Three month period ended July 31, 2020	Twelve month period ended July 31, 2021	Twelve month period ended July 31, 2020
<b>Expenses</b>				
Exploration Expenditures	\$ 1,983,531	\$ 771,587	\$ 15,078,565	\$ 3,062,800
General and Administrative	200,200	134,285	405,324	185,079
Payroll & Professional Fees	140,113	104,915	694,386	592,746
Depreciation and Amortization	38,845	(10,707)	110,930	167,232
Share-based compensation	255,194	-	255,194	-
Interest Expense (Income)	12,267	(6,468)	18,719	(13,908)
Lease accretion (gain)	4,060	(7)	19,961	25,069
Deferred premium	-	-	-	(72,500)
Change in flow-through provision	-	-	(110,876)	-
Foreign Exchange Loss (Gain)	27	(738)	1,359	(738)
<b>Total Expense</b>	<b>2,634,237</b>	<b>992,865</b>	<b>16,473,562</b>	<b>3,945,780</b>
<b>Loss and Comprehensive Loss for Period</b>	<b>\$ (2,634,237)</b>	<b>\$ (992,865)</b>	<b>\$ (16,473,562)</b>	<b>\$ (3,945,780)</b>

The following are explanations of the material changes for the three-month and 12-month periods ended July 31, 2021 as compared to 2020:

- The large increase in exploration expenditures is primarily due to the acquisition cost of the minority interest of the Wawa Gold Project. This cost was \$12,138,482 including \$797,167 in transaction costs. The purchase price was satisfied through the payment of \$11,341,315 in cash, the granting of the NSR and the set-off of \$1,104,081 payable to Red Pine by the vendor.
- The Company also paid a total of \$174,452 to First Nations as per negotiated agreements. In the prior period, the Company paid \$5,000 which has been expensed to exploration expenditures.
- The Company also ramped up exploration activities in April 2021 after completing a financing on March 23, 2021 whereas there were only nominal exploration activities during the comparative 2020 period primarily as a result of the onset of Covid 19. For the comparative twelve month periods the Company spent less on exploration activities for the 2021 period as compared to 2020 primarily due to the slow ramp up of drill performance.
- During the 4<sup>th</sup> quarter of 2021, the Company continued a drilling program and surface exploration program.
- The share based compensation amount is the expensing of the 2,470,000 options granted in the 4<sup>th</sup> quarter as per the vesting schedule.

## QUARTERLY RESULTS OF OPERATIONS

	Quarter ended			
	31-Jul-21	30-Apr-21	31-Jan-21	31-Oct-20
	\$	\$	\$	\$
Exploration expenditures	1,983,531	12,528,980	181,221	384,833
Loss and comprehensive loss	(2,634,237)	(12,950,023)	(384,159)	(505,145)
Basic and diluted loss per share	(0.02)	(0.20)	(0.01)	0.00
Working capital surplus (deficit)	1,994,922	4,317,813	(287,723)	82,181

	Quarter ended			
	31-Jul-20	30-Apr-20	31-Jan-20	31-Oct-19
	\$	\$	\$	\$
Exploration expenditures	771,587	732,747	546,292	1,012,174
Loss and comprehensive loss	(992,868)	(850,207)	(900,340)	(1,202,365)
Basic and diluted loss per share	0.00	0.00	0.00	0.00
Working capital surplus (deficit)	604,550	1,555,949	2,513,226	(82,450)

The following are explanations of the material changes:

- The Company continues to incur quarterly losses as the Company does not generate revenues in its current stage of operations and expenses all exploration expenditures. The large increase in the loss for the April 2021 period is a result of the costs associated with the consolidation of the Wawa gold project including the acquisition cost, advisory fees, and legal fees which were expensed.
- As a result of the consolidation and the termination of the joint venture there will no longer be any recovery of exploration expenditures.
- The increase in working capital for the period ended April 30, 2021 is the result of the share offering completed in March 2021.
- The exploration expenditures incurred in the fourth quarter were on the Wawa gold project primarily including a diamond drilling program and a surface exploration program.

### Liquidity and Capital Resources

With cash available to fund exploration and general and administration costs of \$2.2 million and prepaid exploration expenditures of \$1.0 million as at July 31, 2021, and the expectation of a sufficient number of currently in the money warrants expiring December 31, 2021 being exercised, management believes the Company should have adequate funding to complete the planned 15,000 metre exploration program for the calendar year of 2021 and into the first half of 2022. Management also expects the \$315,000 in restricted cash which relates to the acquisition of the remaining Wawa joint venture interest should be released by the end of the year resulting in that amount becoming unrestricted. The Company has a

remaining commitment of \$3.3 million which must be spent on qualified CEE flow-through eligible expenditures by December 31, 2022 as a result of the flow-through financing completed on March 30, 2021.

As of July 31, 2021, the Company had 9,933,945 in-the-money warrants with a strike price of \$0.50 outstanding, and which expire on December 31, 2021, which may result in additional funding being realized in the latter half of 2021. There is no certainty that the potential \$5.0 million in proceeds that could be realized from their exercise, will be realized in 2021, given the volatility in the Company's share price and the motivations of holders of the warrants.

During the third quarter 2021, the Company completed by way of a subscription receipts financing on March 23, 2021, for gross proceeds of \$20.0 million (net proceeds of \$18.6 million) per the terms of a definitive securities purchase agreement to acquire the remaining 36.69% interest in the Wawa Gold Project that it did not own and to fund working capital and exploration funding. The proceeds were placed in escrow with the Company's transfer agent and were released on March 30, 2021 upon satisfaction of the escrow release conditions. As a result 37,567,400 subscription receipts of the Company were each automatically exchanged for one common share of the Company, and 5,555,212 tranche 1 flow-through subscription receipts of the Company (the "Tranche 1 FT Subscription Receipts") and 4,496,403 tranche 2 flow-through subscription receipts of the Company (the "Tranche 2 FT Subscription Receipts" and together with the Tranche 1 FT Subscription Receipts, the "FT Subscription Receipts") were each automatically exchanged for the right (each, a "Right") to subscribe for one common share of the Company that qualifies as a "flow through" share within the meaning of the Income Tax Act (Canada) pursuant to subscription and renunciation agreements entered into by the Company and the subscribers of the FT Subscription Receipts following the issuance of the Rights. The value of the flow-through share premium was \$979,199 and share issuance costs were \$1,419,245.

Pursuant to the Investor Rights Agreement between the Company and Alamos Gold Inc. ("Alamos") dated December 31, 2019, Alamos exercised its right to maintain its 19.9% ownership interest of the Company's common shares on a partially diluted basis, purchasing 9,564,336 Subscription Receipts.

Additionally, the Company issued to the Agents compensation options to purchase that number of Common Shares that is equal to 6.0% of the aggregate number of Common Shares, Tranche 1 FT Shares and Tranche 2 FT Shares issued by the Company under the Offering at an exercise price that is equal to the Issue Price for a period of 24 months

Following the financing transactions, a total of 47,619,016 common shares were issued in connection with the offering. In addition, the agents acting on behalf of the company were paid part of their compensation for advisory services in common shares totalling 226,244 common shares.

Subsequent to July 31, 2021, the Company completed the sale of the Algoma-Talisman property for CAD \$1,050,000. The Company executed a definitive agreement on August 20, 2021 at which time the Company received \$550,000, and the Company is to receive the remaining \$500,000 prior to December 31, 2021.

On December 31, 2019 the Company sold an aggregate of (i) 2,589,285 units (the "FT Units") comprised of one "flow-through" common share (a "FT Share") of the Company and one-half of one non-flow-through common share purchase warrant (each whole warrant, a "Warrant") at a price of \$0.35 per FT

Unit for gross proceeds of \$906,250 and (ii) 8,209,921 non-flow-through units of the Company (the “Non-FT Units” and together with the FT Units, the “Securities”) with each Non-FT Unit being comprised of one common share (issued on a non-“flow-through” basis) and one whole Warrant, at a price of \$0.35 per Non-FT Unit for gross proceeds of \$2,873,472. The total aggregate gross proceeds of the Offering was \$3,779,722. Each whole Warrant is exercisable to acquire one common share at a price of \$0.50 per share for a period of 24 months following the closing date of the Offering. Each FT Share partially comprising the FT Units has been issued on a “flow-through” basis within. A total of 9,504,563 warrants were issued with an estimated value of \$532,256 using Black-Scholes model with the following assumptions: risk free rate, 2.01%, dividend yield 0%, expected volatility of 47.82% and an expected life of 2 years. The value of the flow-through share premium was \$72,500 and share issuance costs were \$323,008.

#### Commons shares continuity

	For the twelve months ended July 31, 2021	For the twelve months ended July 31, 2020
Opening balance outstanding	47,722,239	36,923,032
Issued pursuant to common share financing on December 31, 2019	-	10,799,207
Issued pursuant to the definitive securities purchase agreement on March 30, 2021	47,619,016	-
Warrants and stock options exercised	268,571	
Shares issued for property acquisition	83,333	
Issued pursuant for advisory services on March 31, 2021	226,244	
Closing balance outstanding	<u>95,919,403</u>	<u>47,722,239</u>

#### Common share warrant continuity

	For the twelve months ended July 31, 2021	For the twelve months ended July 31, 2020
Opening balance outstanding	13,537,716	7,040,993
Granted	2,825,640	10,152,516
Exercised	(218,571)	-
Expired	(3,385,200)	(3,655,793)
Closing balance outstanding	<u>12,759,585</u>	<u>13,537,716</u>

As of the date of this management discussion and analysis, there is 95,919,403 common shares outstanding.

#### Outlook

The Company intends to continue its exploration activities on the Wawa Gold Project and focus on both increasing the resources of the Surluga and Minto Mine South deposits as demonstrated in the early drilling results in 2021 and to identify new targets on the claim block where there is high potential to find

new zones of mineralization by first commencing drilling on the Grace-Darwin target with a third drill rig commencing in Q4 2021.

The Company should have sufficient funding to complete its planned 15,000 metre drilling campaign on the Wawa Gold Project in 2021 and 2022 after considering the Company's cash resources, prepaid drilling expenditures, the addition after the year end of the \$1,050,000 in gross proceeds from the sale of the Algoma-Talisman property and if a portion of the in the money warrants are exercised.

#### **RELATED PARTY TRANSACTIONS**

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

	<b>12 months ended July 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short term benefits (1)	212,998	372,797
Share based payments (2)	23,848	-
	<u>236,846</u>	<u>372,797</u>

(1) Includes salary and professional fees.

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

Included in amounts receivable is an amount receivable of \$3,512 (July 31, 2020, \$100,447) related to exploration, rent and general & administrative charges from a company with a shared director. The companies also share the services of certain senior officers along with other administrative services including office rental.

#### **OFF BALANCE SHEET TRANSACTIONS**

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

#### **DIVIDENDS**

The Company has neither declared nor paid any dividends on its common shares. The Company does not anticipate paying any dividends on its common shares in the foreseeable future.

## 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 period:

### 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 reduces this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The amount receivable, if any, is primarily HST due from the Canadian government.

### 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, 2021, the Company had a cash and cash equivalents balance of \$2,167,354 (July 31, 2020: \$647,920) to settle current liabilities of \$689,799 excluding the deferred flow-through premium and the flow-through provision (July 31, 2020: \$416,905).

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

### 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:

#### a) Market risk

- Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and quoted prices.
- Interest rate risk: The Company has cash balances and no interest-bearing debt and was not exposed to interest rate risk. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As a result, the Company's exposure to interest rate risk is minimal
- Foreign currency risk: The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the assets or liabilities of the Company.

- Price risk: The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities

## RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration, and the potential that the Company develops a mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

### Management

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

### Financing

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company.

### Competition

The mining industry is intensely competitive in all its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to complete its planned exploration programs as a result of not being able to secure drilling contractors, equipment and maintenance parts due to supply chain challenges and technical staff at the levels and times the Company requires them.

### Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

### Commodity price risk

The Company is exposed to price risk with respect to gold and other commodity prices, such prices impacting the future economic feasibility of its exploration properties. It is not possible with certainty to determine the impact that a sustained adverse change in metal prices may have on the future economic viability of the Company’s mineral properties or the Company’s ability to obtain financing for future activities.

### Environmental and permitting

The Company’s current or future operations, including development activities, are subject to environmental regulations, which may make operations not economically viable or prohibit them altogether. All aspects of the Company’s operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations.

### Political risk

All the Company’s mineral properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low.

### Surface Rights

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company’s future operations.

#### Tax risk

The Company has commitments to incur Canadian Exploration Expenditures. Any shortfall could result in tax penalties assessed by the Canada Revenue Agency.

#### Credit risk

The Company deposits cash with financial institutions it believes to be creditworthy. In most circumstances, cash balances at these financial institutions exceed the federally guaranteed amount. The Company's current credit risk is primarily attributable to cash and amount receivable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. Amount receivable is due from the federal government of Canada and receivables from related parties. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal.

#### Acquisition of mineral properties

The Company uses its best judgment to acquire mining properties for exploration and development. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

#### **GOING CONCERN**

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, 2021, the Company had a working capital surplus of \$2,974,121 (July 31, 2020: \$604,550) excluding the non-cash deferred flow-through premium of \$979,199 (July 31, 2020; \$nil) and an accumulated deficit of \$85,711,462 (July 31, 2020: \$69,237,900) and for the year ended July 31, 2021 had net cash used in operating activities of \$16,768,862 (July 31, 2020: \$3,396,978).

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.

The accompanying 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.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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 the stock options section.

### 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 Flow-Through premium sections.

### 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.

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains forward-looking information and statements (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of Red Pine Exploration Inc. Forward-looking statements include, but are not limited to, statements with respect to the estimation of commodity prices, mineral reserves and resources, the realization of mineral resource estimates, capital and exploration expenditures, costs and timing of the exploration and development of mineral deposits, the success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining activities, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect Red Pine's management expectations concerning future results or events based on the opinions and assumptions of management considered reasonable at the date the statements are made. Although Red Pine believes that the expectations are reasonable, such information involves risks and uncertainties and undue reliance should not be placed on such information, as unknown and unpredictable factors could have material adverse effects on future results, performance, or achievements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: general business, economic, competitive, geopolitical and social uncertainties; the actual results of current exploration activities; unforeseen expenses, the reinstatement of confinement and related government measures and guidelines in dealing with the COVID-19 pandemic, labour shortages, equipment shortages and interruptions in the supply chains, changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws, environmental matters; and compliance with extensive government regulation; and other risks of the mining industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## **OTHER INFORMATION**

Additional information relating to the Company is also available on the SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>1</sup> National Instrument 43-101 Technical Report for the Wawa Gold Project, Steven Haggarty, P.Eng., Haggarty Technical Services Corp., effective August 18, 2021. The report is available on [www.SEDAR.com](http://www.SEDAR.com) under Red Pine's profile.