

White Pine Resources Inc.
(A Development Stage Company)

Unaudited Consolidated Financial Statements
June 30, 2010 and 2009



White Pine Resources Inc.
(A Development Stage Company)
Consolidated Balance Sheets

	June 30, 2010 (Unaudited)	March 31, 2010
Assets		
Current assets		
Cash	\$ 779,267	\$ 1,034,033
Short-term investment	10,000	10,000
Sundry receivables	101,073	247,715
Prepaid expenses	22,842	18,272
	<u>913,182</u>	<u>1,310,020</u>
Equipment (Note 5)	14,581	15,685
Mining interests (Note 6)	4,109,795	4,001,568
	<u>4,124,376</u>	<u>4,017,253</u>
	<u>\$ 5,037,558</u>	<u>\$ 5,327,273</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 116,142	\$ 315,360
	<u>116,142</u>	<u>315,360</u>
Shareholders' Equity		
Share capital (Note 7 (a))	31,420,502	31,420,502
Warrants (Note 7 (c))	1,520,978	3,777,131
Contributed surplus (Note 8)	6,632,917	4,749,029
Deficit	(34,652,981)	(34,934,749)
	<u>4,921,416</u>	<u>5,011,913</u>
	<u>\$ 5,037,558</u>	<u>\$ 5,327,273</u>

See accompanying notes to consolidated financial statements

Going concern (Note 1)

White Pine Resources Inc.

(A Development Stage Company)

Consolidated Statements of Operations and Deficit

Three months ended June 30,	2010	2009	Cumulative since inception December 8, 2006
Revenue			
Interest and other revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,087</u>
Expenses			
General and administrative	75,890	81,228	1,614,220
Stock based compensation	-	252,870	3,737,317
Depreciation	<u>1,104</u>	<u>1,586</u>	<u>21,717</u>
	<u>76,994</u>	<u>335,684</u>	<u>5,373,254</u>
Net loss before other items	(76,994)	(335,684)	(5,016,167)
Write down of mining interests	<u>(13,503)</u>	<u>-</u>	<u>(19,004,478)</u>
Net loss before income taxes	(90,497)	(335,684)	(24,020,645)
Future income taxes	<u>372,265</u>	<u>-</u>	<u>2,917,440</u>
Net income (loss)	281,768	(335,684)	(21,103,205)
Warrant modification	-	-	(878,676)
Deficit, beginning of the period	<u>(34,934,749)</u>	<u>(32,405,812)</u>	<u>(12,671,100)</u>
Deficit, end of the period	\$ (34,652,981)	\$ (32,741,496)	\$ (34,652,981)
Basic and diluted income (loss) per share (Note 9)	\$ 0.01	\$ (0.02)	
Weighted average number of common shares (Note 9)	23,342,659	17,592,660	

See accompanying notes to consolidated financial statements

White Pine Resources Inc.
(A Development Stage Company)
Consolidated Statements of Cash Flows

Three months ended June 30,	2010	2009	Cumulative since inception December 8, 2006
Cash flows from operating activities			
Net income (loss) for the period	\$ 281,768	\$ (335,684)	\$ (21,103,205)
Add items not affecting cash:			
Depreciation	1,104	1,586	21,717
Future income taxes	(372,265)	-	(2,917,440)
Stock-based compensation	-	252,870	3,737,317
Write-down of mineral properties	13,503	-	19,004,478
	<u>(75,890)</u>	<u>(81,228)</u>	<u>(1,257,133)</u>
Changes in non-cash components of working capital:			
Sundry receivables	146,642	(14,751)	(72,050)
Prepaid expenses	(4,570)	(20,720)	(18,175)
Accounts payable and accrued liabilities	(255,391)	(19,220)	1,806,263
	<u>(189,209)</u>	<u>(135,919)</u>	<u>458,905</u>
Financing activities			
Broker warrants exercised for cash	-	-	174,375
Common shares issued for cash	-	-	7,081,466
Share issue costs	-	-	(983,905)
Flow-through shares issued for cash	-	-	9,336,248
Warrants exercised	-	-	3,042,431
Stock options exercised	-	-	18,000
Repayment of advances	-	-	(52,545)
Exploration advances received (paid)	-	(367,511)	-
	<u>-</u>	<u>(367,511)</u>	<u>18,616,070</u>
Investment activities			
Equipment purchase	-	-	(36,297)
Exploration advance and supplies inventory	-	126,174	(482,667)
Purchase of investment	-	-	(1,050,000)
Redemption of investment	-	-	1,100,000
Mining interests	(65,557)	(146,830)	(20,651,824)
	<u>(65,557)</u>	<u>(20,656)</u>	<u>(21,120,788)</u>
Net change in cash	(254,766)	(524,086)	(2,045,813)
Cash, beginning of the period	<u>1,034,033</u>	<u>1,017,647</u>	<u>2,825,080</u>
Cash, end of the period	\$ 779,267	\$ 493,561	\$ 779,267

White Pine Resources Inc.

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1. Nature of operations and going concern

White Pine Resources Inc. (a development stage company) ("WPR" or the "Company") is a publicly listed Canadian junior resource company with mining interests in Canada.

WPR is engaged in the identification, acquisition, evaluation and exploration of gold, nickel, copper, zinc, silver and other base metal properties in Canada. The Company has not determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mining interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and attaining future profitable production from the properties or proceeds from disposition.

The Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mining interests. There is significant uncertainty on whether the Company will be able to further fund its exploration programs since there is no assurance it will be able to raise sufficient funds in the future.

At June 30, 2010, the Company had working capital of \$797,040 and an accumulated deficit of \$34,652,981 (March 31, 2010 \$994,660 and \$34,934,749 respectively). Management of the Company believes that it has sufficient funds to pay its ongoing expenses and to meet its liabilities as they fall due until the end of this fiscal year. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its exploration activities 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. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore 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 unaudited consolidated financial statements. Such adjustments could be material.

2. Basis of presentation and significant accounting policies

Basis of Presentation

The unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the unaudited interim financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual financial statements except as noted below.

The accompanying unaudited interim financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended March 31, 2010, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective unaudited interim periods presented.

Summary of Significant Accounting Policies

For a complete list of accounting policies see note 2 to the March 31, 2010 audited financial statements.

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Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of operations and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management's judgment is applied include the carrying value of mineral properties, future income tax assets and fair value estimates for stock options and warrants. Actual results may differ from those estimates.

Future accounting changes

(a) Business combinations

In January 2009, the CICA issued Handbook Section 1582, "Business combinations," which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this accounting standard on the Company's consolidated financial statements.

(b) Non-controlling interests

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling interests," which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is effective for 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this accounting standard on the Company's consolidated financial statements.

(c) Consolidated financial statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated financial statements," which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this accounting standard on the Company's consolidated financial statements.

(d) Equity

In August 2009, the CICA issued certain amendments to Section 3251 – "Equity". The amendments apply to entities that have adopted Section 1602 – "Non-controlling interests". The amendments require separate presentation on the statements of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interests. The amendments also require

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that non-controlling interests be presented separately as a component of equity. As the Company has not adopted section 1602, which is not mandatory until the year beginning January 1, 2011, the amendments are not applicable to the Company in the interim and there is no impact to the financial statements for the three months period ended March 31, 2010.

3. Capital management

The Company's capital consists of common shares, warrants and contributed surplus totaling \$39,574,397 (March 31, 2010 \$39,946,662). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three months ended June 30, 2010. The Company is obligated to spend funds raised through flow-through financing on qualifying expenses. At June 30, 2010 \$562,379 remained unspent in this respect.

4. Property and financial risk factors

a) Property risk

As at June 30, 2010, the Company had interests in the Lowland, Garden Island, Luc Bourdon and MZ properties (the "Properties"). Although the Company has taken steps to verify title to the Properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and short-term investments and sundry receivables. Cash and short-term investments consist of cash on hand and short-term securities with reputable financial institutions. Amounts receivable are in good standing as of June 30, 2010. Management believes that the credit risk concentration with respect to financial instruments included in cash and short-term investments and amounts receivable is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2010, the Company has cash and short-term investments balances of \$789,267 (March 31, 2010 \$1,044,033) to settle current liabilities of \$116,142 (March 31, 2009 \$315,360). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term securities and marketable securities which consist of certificates of deposit, banker's acceptances and discount notes ("fixed income"). The Company's cash balances and short-term investments bear interest at floating rates and as such are subject to interest rate cash flow risk resulting from market fluctuation in interest rates.

Commodity price risk

WPR is exposed to price risk, mainly gold and nickel, with respect to commodity prices which affects the valuation of mining interests and share price. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. WPR closely monitors commodity prices as it relates to precious and base metals to determine the appropriate course of action to be taken.

d) Sensitivity analysis

The Company has designated, for accounting purposes, its cash and short-term investments as held-for-trading, which are measured at fair value. Sundry receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As of June 30, 2010, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

Investment is subject to floating interest rates. As at June 30, 2010, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the quarter ended June 30, 2010 would have varied by approximately \$2,000, as a result of the variance in interest income from cash and cash equivalents. Similarly, as at June 30, 2010, shareholders' equity would have varied by approximately \$2,000 as a result of the variance in interest income from cash and cash equivalents due to a 1% variance in interest rates.

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5. Equipment

	June 30, 2010			March 31, 2010		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 4,516	\$ 3,595	\$ 921	\$ 4,516	\$ 3,479	\$ 1,037
Computer software	13,484	9,865	3,619	13,484	9,405	4,079
Furniture and equipment	17,356	7,315	10,041	17,356	6,787	10,569
	<u>\$ 35,356</u>	<u>\$ 20,775</u>	<u>\$ 14,581</u>	<u>\$ 35,356</u>	<u>\$ 19,671</u>	<u>\$ 15,685</u>

6. Mining interests

The following schedules describe the carrying values of each property as at June 30 and March 31, 2010:

	June 30, 2010				
	MZ	Lowland	Luc Bourdon	Garden Island	Total
Acquisition costs	\$ 43,813	\$ 15,854	\$ 175,000	\$ -	\$ 234,667
Exploration	76,372	13,249,426	1,132,357	325,000	14,783,155
Write-downs	-	(9,275,671)	(1,307,357)	(324,999)	(10,908,027)
	<u>\$ 120,185</u>	<u>\$ 3,989,609</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4,109,795</u>

	March 31, 2010				
	MZ	Lowland	Luc Bourdon	Garden Island	Total
Acquisition costs	\$ 39,825	\$ 15,854	\$ 175,000	\$ -	\$ 230,679
Exploration	65,952	13,155,607	1,118,854	325,000	14,665,413
Write-downs	-	(9,275,671)	(1,293,854)	(324,999)	(10,894,524)
	<u>\$ 105,777</u>	<u>\$ 3,895,790</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4,001,568</u>

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MZ (Boston Creek Gold Property)

On December 14, 2009, WPR announced the signing of an agreement for the acquisition of an option to acquire the MZ Boston Creek gold property ("MZ") located in the Boston Creek gold mining district south of Kirkland Lake, Ontario. The MZ property, consisting of 608 hectares, can be acquired from two local prospectors for consideration of cash, shares and exploration expenditures based on the following timetable:

To acquire an initial 50% interest in the property:

- On signing: \$20,000 cash plus 50,000 WPR shares, valued at \$15,000 (paid);
- By January 1st, 2011: \$20,000 cash plus 100,000 WPR shares, and incur \$100,000 in exploration expenditures;
- By January 1st, 2012: \$20,000 cash plus 100,000 WPR shares, and incur \$100,000 in exploration expenditures.
- By January 1st, 2013: incur \$150,000 in exploration expenditures.

At the option of WPR, to acquire an additional 50% interest in the property:

- By January 1st, 2013: \$20,000 cash plus 100,000 WPR shares,
- By January 1st, 2014: \$120,000 cash plus 400,000 WPR shares, and incur \$500,000 in exploration expenditures.
- By December 31, 2014: incur \$500,000 in exploration expenditures.

A 2% net smelter return royalty has been retained by the prospectors with the option of 1% being purchased by WPR for \$1 million.

Lowland

On March 26, 2008 the Company entered into an option agreement with Metalex Ventures Ltd. ("Metalex"), and Arctic Star Diamond Corp. ("Arctic") pursuant to which WPR was granted the option to acquire a 50% interest in certain claims of Metalex's and Arctic's James Bay properties located on and around the "Ring of Fire" and covering approximately 36 square kilometers.

Under the terms of the agreement, WPR has the right to fund a maximum of \$20.0 million in expenditures on the Lowland property over a four year period. For each \$5.0 million in expenditures, WPR will acquire a 12.5% interest in the Lowland property, up to a maximum 50% interest. WPR should fund the required \$20.0 million in expenditures by way of:

- Meeting cash calls of \$5.0 million before May 16, 2009. Anytime after the first cash call has been met, the Company may elect to terminate the option agreement.
- Meeting cash calls of \$5.0 million before May 15, 2010;
- Meeting cash calls of \$ 5.0 million before May 15, 2011;
- Meeting cash calls of \$ 5.0 million before May 15, 2012.

As at June 30, 2010 the Company has spent \$13.3 million (including \$9.3 million written-off on fiscal 2009), meeting its commitment up to May 15, 2010 and earning a 25% interest in the Lowland property. If WPR authorizes additional spending in a period they must meet all additional cash calls made to be in compliance with the agreement.

WPR may at any time prior to the termination of the option period earn a full 50% interest by making a lump sum payment to Metalex in the amount of \$20.0 million minus the amount of expenditures that WPR has funded to date.

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Luc Bourdon

On September 11, 2008 WPR and Noront Resources Ltd. (“Noront”) entered into an option agreement with Golden Valley Mines Ltd. (“Golden Valley”), providing WPR and Noront with the option to acquire from Golden Valley an aggregate 70% interest in the Luc Burdon property located in the lowland region of James Bay, Ontario. WPR and Noront jointly control the option and WPR has accounted for the option as a joint venture.

In order to satisfy its payments under the agreement, WPR paid to Golden Valley on September 19, 2008 the amount of \$175,000 by paying \$25,000 in cash and issuing Golden Valley 34,091 WPR common shares with a fair value of \$4.40 per share.

WPR and Noront are required to incur aggregate exploration expenditures on the property of at least \$5.0 million over a three-year period, of which \$1.0 million must be expended in the first year. As at June 30, 2010 the Joint Venture has spent \$2.3 million on exploration. WPR wrote-off its entire share during fiscal 2010.

Included in sundry receivables there is \$55,653 (March 31, 2010 \$43,327) receivable from Noront on project expenditures advanced by WPR.

WPR recorded its 50% proportionate interest in the assets of the joint venture. The assets of the joint venture are as follows:

- Mining interest: \$2,614,714
- Cash flow from investing activities: \$ (2,314,714)

During the three months ended June 30, 2010 the Company incurred \$13,503, net of camp rental and other revenues of \$15,735. Costs related to camp operations for the same period totaled \$2,476. Other expenses charged during the period corresponds to miscellaneous expenses related to the wind-up of the project and were charged to income.

Garden Island

On February 25, 2009 the Company entered into an agreement (the “Garden Island Option Agreement”) with TSR Resources Inc. (“TSR”) where TSR granted the Company an option to acquire an individual 20% right, title and interest for a resulting aggregate 10% right, title and interest (the “Interest”) in and to 296 mineral claims located in Piedmont, Courville, Pascalis and Senneville Townships of Quebec, which mineral claims are collectively known as the Garden Island Property (the “Property”).

TSR and Noront entered into an option agreement dated July 6, 2007 and amended on July 10, 2008 (the “Noront Option Agreement”), pursuant to which Noront has acquired a 50% interest in the Property and upon exercise of the Garden Island Option Agreement, the Property shall thereafter be held as 50% by Noront, as to 40% by TSR and 10% by WPR.

To exercise the Option and thereby acquire the Interest, WPR incurred expenses on the Property in the aggregate amount of \$325,000.

Given subsequent discouraging exploration results, during fiscal 2010 the Company decided to write-down the property to a nominal amount.

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7. Share capital

a. Capital stock

Common share consolidation

The following schedule describes the Company's capital transactions for the three months ended June 30, 2010 and year ended March 31, 2010:

	<u>Common shares</u>	<u>Amount</u>
Balance March 31, 2009	17,592,660	\$ 30,013,771
Flow-through shares issued	4,874,999	2,193,750
Tax effect of flow-through shares	-	(805,000)
Fair value of warrants issued under private placement	-	(65,176)
Issued under private placement	725,000	290,000
Warrants exercised	100,000	35,000
Warrants value transfer to common shares	-	7,616
Issued on acquisition of MZ mineral interest	50,000	15,000
Share issue cost	-	(264,459)
Balance March 31 and June 30, 2010	<u>23,342,659</u>	<u>\$ 31,420,502</u>

On August 25, 2009 the Company completed a private placement order which WPR issued 4,874,999 FT Shares at a price of \$0.45 per FT Share and 725,000 Units at a price of \$0.40 per Unit. Each unit consist of one common share and one-half of one WPR share purchase warrant, each whole such warrant entitling the holder thereof to acquire one additional WPR common share for a period of 24 month at an exercise price of \$0.65.

In connection with the offering WPR paid finder's fees to certain qualified registrants assisting in the offering in the amount of \$161,444 representing 6.5% of the gross proceeds raised by such finder, and issued 316,874 broker warrants to such finders representing 6.5% of the aggregate number of FT Shares sold by such finders in the offering. The broker warrants are exercisable at a price of \$0.45 per share, for a period of two years following the closing of the offering.

b. Stock Based Compensation

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to acquire common shares to directors, officers, employees and other ongoing service providers. During fiscal 2010, the Plan was converted into a "rolling plan" where the aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The number of common shares which may be reserved for issue to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The board of directors or Committee shall determine the exercise price of options issued, as applicable, based on the market price. The options are non-assignable and may be granted for a term not exceeding five years. Options issued under the Plan may vest at the discretion of the Board of Directors. The total number of shares available for issue under the plan as at June 30, 2010 is 880,266.

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The changes in stock options for the three months ended June 30, 2010 and year ended March 31, 2010 are as follows:

	June 30, 2010		March 31, 2010	
	Number of options	Weighted average price	Number of options	Weighted average price
Outstanding, beginning of period	1,499,000	\$ 3.24	1,519,000	\$ 3.28
Expired	(45,000)	3.49	(20,000)	6.00
Outstanding, end of period	1,454,000	\$ 3.23	1,499,000	\$ 3.24

The following schedule describes the remaining average life remaining on these stock options as at June 30, 2010:

Exercise price	Outstanding		Exercisable	
	Rem. Life yrs.	Units	Rem. Life yrs.	Units
\$5.00	0.78	20,000	0.78	20,000
\$6.00	2.08	114,000	2.08	114,000
\$6.70	0.88	20,000	0.88	20,000
\$8.00	2.95	435,000	2.95	435,000
\$0.35	3.64	865,000	3.64	865,000
\$3.23	3.23	1,454,000	3.23	1,454,000

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c. Warrants

The following schedule describes the Company's warrants transactions for the three months ended June 30, 2010 and the year ended March 31, 2010:

	Warrants		Broker Warrants		Total	
	Number of Warrants	Value	Number of Warrants	Value	Number of Warrants	Value
Balance at March 31, 2009	7,166,667	2,531,960	109,417	432,583	7,276,084	2,964,543
Issued on private placement	362,500	65,176	-	-	362,500	65,176
Exercise of warrants	(100,000)	(7,616)	-	-	(100,000)	(7,616)
Compensation warrants	-	-	316,874	71,352	316,874	71,352
Warrants modification	-	878,676	-	-	-	878,676
Expired during the year	(50,000)	(195,000)	-	-	(50,000)	(195,000)
Balance at March 31, 2010	7,379,167	\$ 3,273,196	426,291	\$ 503,935	7,805,458	\$ 3,777,131
Expired during the period	(841,667)	(1,823,570)	(109,417)	\$ (432,583)	(951,084)	(2,256,153)
Balance June 30, 2010	6,537,500	\$ 1,449,626	316,874	\$ 71,352	6,854,374	\$ 1,520,978

The following schedule describes the remaining life of these warrants as at June 30, 2010:

Exercise price	Expiry Date	Warrants	Value
\$0.35	December 23, 2010	4,175,000	908,613
\$0.35	January 26, 2011	2,000,000	475,837
\$0.65	August 25, 2011	362,500	65,176
\$0.45	August 25, 2011	316,874	71,352
\$0.37		6,854,374	\$ 1,520,978

Warrants expired:

During the fourth quarter of fiscal 2010, 50,000 warrants exercisable at \$5.00 expired. The fair value of these warrants, which amount was credited to contributed surplus, was \$195,000.

In connection with a private placement closed on April 25, 2008, the Company issued warrants exercisable into 841,667 common shares of WPR at an exercise price of \$6.50 per share until April 25, 2010. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 118%; risk-free interest rate of 2.94% and an expected life of two years. The fair value assigned was \$1,823,570. These warrants expired on April 25, 2010 and their fair value was credited to contributed surplus.

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In connection with this same offering the Company also paid to its agents a commission of 109,417 compensation warrants. Each compensation warrant was exercisable to acquire one unit at an exercise price of \$5.0 until April 25, 2009. The fair value assigned to these warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 118%; risk-free interest rate of 2.94% and an expected life of one year. The fair value assigned was \$432,583. These warrants expired on April 25, 2010 and their fair value was credited to contributed surplus.

Warrants issued:

On December 23, 2008 the Company issued 4,275,000 warrants (Series 2008- II) exercisable before December 23, 2009 at an exercise price of \$0.35. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 143%; risk-free interest rate of 1.23% and an expected life of one year. The fair value assigned to these warrants was \$325,574. The terms of these warrants were modified on November 19, 2009.

On January 16, 2009 the Company issued 2,000,000 warrants (Series 2009-I) exercisable before January 16, 2010 at an exercise price of \$0.35. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 143%; risk-free interest rate of 1.23% and an expected life of one year. The fair value assigned to these warrants was \$187,818. The terms of these warrants were modified on November 19, 2009.

In connection with the August 25, 2009 financing the Company issued 362,500 share purchase warrant of WPR, each whole such warrant entitles the holder thereof to acquire one additional common share of WPR for a period of 24 month at an exercise price of \$0.65. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 141%; risk-free interest rate of 1.29% and an expected life of two year. The fair value assigned to these warrants was \$65,176.

In connection with the offering WPR paid finder's fees to certain qualified registrants assisting in the offering in the amount of \$161,444 representing 6.5% of the gross proceeds raised by such finder, and issued 316,874 broker warrants to such finders representing 6.5% of the aggregate number of FT Shares sold by such finders in the offering. The broker warrants are exercisable at a price of \$0.45 per share, for a period of two years following the closing of the offering. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 141%; risk-free interest rate of 1.29% and an expected life of two year. The fair value assigned to these warrants was \$71,352.

Warrants modified:

On November 19 2009, WPR extended the term of some of its warrants as follows:

An aggregate of 4,175,000 Series 2008-II warrants, originally issued in December 2008, exercisable at \$0.35 per share until December 23, 2009 were extended to December 23, 2010.

An aggregate of 2,000,000 Series 2009-I warrants, originally issued on January 26, 2009 and exercisable at \$0.35 per share until January 26, 2010 were extended to January 26, 2011.

The Company has recorded the incremental difference as a capital transaction based on the fair value of these warrants immediately prior to and after the modification.

The fair value of the series 2008-II warrants was estimated using the Black-Scholes pricing model using the following assumptions prior to the date of extension: dividend yield 0%; expected volatility 95%; risk free interest rate 0.16% and expected average life of 0.09 years. The fair value was estimated using the

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Black-Scholes pricing model using the following assumptions as at the date of extension: dividend yield 0%; expected volatility 142%; risk free interest rate 0.47% and an expected average life of 1.09 years. The resulting incremental fair value of \$590,657 associated with the common share purchase warrants held by shareholders was recorded as a charge to retained earnings, with a corresponding entry to warrants.

The fair value of the series 2009-I warrants was estimated using the Black-Scholes pricing model using the following assumptions prior to the date of extension: dividend yield 0%; expected volatility 91%; risk free interest rate 0.22% and expected average life of 0.19 years. The fair value was estimated using the Black-Scholes pricing model using the following assumptions as at the date of extension: dividend yield 0%; expected volatility 150%; risk free interest rate 0.47% and an expected average life of 1.19 years. The resulting incremental fair value of \$288,019 associated with the common share purchase warrants held by shareholders was recorded as a charge to retained earnings, with a corresponding entry to warrants.

8. Contributed surplus

Balance at March 31, 2009	4,113,754
Stock based compensation	472,450
Expiry of warrants	195,000
Tax effect of expiry of warrants	(32,175)
Balance March 31, 2010	<u>\$ 4,749,029</u>
Warrants expired	2,256,153
Tax effect of expiry of warrants	(372,265)
Balance at June 30, 2010	<u>\$ 6,632,917</u>

9. Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds on the exercise of stock options and warrants are used by the Company to repurchase Company common shares at the average market price. Stock options and warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's consolidated financial statement presentation.