



GOLDEN RIDGE RESOURCES LTD.

Consolidated Financial Statements of
GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

For the Years Ended June 30, 2019 and 2018



GOLDEN RIDGE RESOURCES LTD.
(An Exploration Stage Company)
(Expressed in Canadian Dollars)
June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GOLDEN RIDGE RESOURCES LTD.

Opinion

We have audited the consolidated financial statements of Golden Ridge Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 17, 2019

GOLDEN RIDGE RESOURCES LTD*(An Exploration Stage Company)***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at June 30

Expressed in Canadian Dollars

	Note	2019	2018
ASSETS			
Current			
Cash and cash equivalents		\$ 1,567,036	\$ 2,079,214
Restricted cash	5	1,504,594	885,449
Receivables	7,17	359,491	177,193
Prepays		163,957	265,849
Marketable securities	8	135,721	154,059
		3,730,799	3,561,764
Non-current			
Equipment	9	81,557	104,842
Prepays and deposit		154,057	4,057
Reclamation bond	11	37,500	37,500
Exploration and evaluation assets	10,17	5,635,750	2,253,279
		\$ 9,639,663	\$ 5,961,442
LIABILITIES			
Current			
Other liabilities	12	\$ -	\$ 226,215
Trade and other payables	13	669,953	285,150
		669,953	511,365
SHAREHOLDERS' EQUITY			
Share capital	14	11,737,744	8,037,863
Contributed surplus		1,634,936	945,904
Accumulated other comprehensive loss		(112,842)	(9,191)
Accumulated deficit		(4,290,128)	(3,524,499)
		8,969,710	5,450,077
		\$ 9,639,663	\$ 5,961,442

Signed on behalf of the Board of Directors by:

"Larry Nagy"
Larry Nagy

Director

"William Lindqvist"
William Lindqvist

Director

GOLDEN RIDGE RESOURCES LTD

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS LOSS AND OF COMPREHENSIVE LOSS

For the years ended June 30

Expressed in Canadian Dollars

	Note	2019	2018
Expenses			
Administrative and general	16,17	\$ 700,927	\$ 977,274
Depreciation	9	23,285	8,739
Property evaluation		662	-
Share-based payments	15	310,780	512,214
Total expenses		(1,035,654)	(1,498,227)
Other income (expenses)			
Interest income		21,901	-
Listing expense	6	-	(1,207,328)
Other revenue	12	226,215	447,627
Gain on settlement of debt		-	9,220
Gain on sale of exploration and evaluation assets	10	122,813	238,250
Write-off of exploration and evaluation assets	10	(100,904)	-
Net loss for the year		(765,629)	(2,010,458)
Other comprehensive loss			
Fair value loss on marketable securities	8	(103,651)	(9,191)
Loss and comprehensive loss for the year		(869,280)	(2,019,649)
Basic and diluted loss per share	19	\$ (0.01)	\$ (0.03)

GOLDEN RIDGE RESOURCES LTD

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended June 30

Expressed in Canadian Dollars

		Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulate d Deficit	Total
Balance June 30, 2017	Note	\$ 1,756,925	\$ -	\$ -	\$ (1,514,041)	\$ 242,884
Net loss for the year		-	-	-	(2,010,458)	(2,010,458)
Fair value of common share issued for the Acquisition	6	1,112,124	-	-	-	1,112,124
Fair value of options and warrants issued on the Acquisition	6	-	183,274	-	-	183,274
Private placements	14	6,745,614	-	-	-	6,745,614
Deemed price premium on flow-through shares	12,14	(673,842)	-	-	-	(673,842)
Exercise of warrants	14	102,392	(13,017)	-	-	89,375
Shares issued for exploration and evaluation assets	10,14	31,200	-	-	-	31,200
Share issue costs	14	(1,036,550)	263,433	-	-	(773,117)
Share-based payments	15	-	512,214	-	-	512,214
Marketable securities	8	-	-	(9,191)	-	(9,191)
Balance at June 30, 2018		\$ 8,037,863	\$ 945,904	\$ (9,191)	\$ (3,524,499)	\$ 5,450,077
Net loss for the year		-	-	-	(765,629)	(765,629)
Private placements	12,14	2,319,409	489,841	-	-	2,809,250
Exercise of warrants	14	1,377,459	(94,919)	-	-	1,282,540
Warrants returned	14	13,615	(13,615)	-	-	-
Exercise of options	14	123,948	(59,198)	-	-	64,750
Share issue costs	14	(164,550)	56,143	-	-	(108,407)
Shares issued for exploration and evaluation assets	10,14	30,000	-	-	-	30,000
Share-based payments	15	-	310,780	-	-	310,780
Marketable securities	8	-	-	(103,651)	-	(103,651)
Balance at June 30, 2019		\$ 11,737,744	\$ 1,634,936	\$ (112,842)	\$ (4,290,128)	\$ 8,969,710

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

GOLDEN RIDGE RESOURCES LTD

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30

Expressed in Canadian Dollars

	Note	2019	2018
OPERATING ACTIVITIES			
Net loss for the year	\$	(765,629)	\$ (2,010,458)
Items not affecting cash			
Depreciation		23,285	8,739
Gain on the sale of exploration and evaluation assets	10	(122,813)	(238,250)
Write-off of exploration and evaluation assets	10	100,904	-
Gain on settlement of debt		-	(9,220)
Listing expense	6	-	1,207,328
Share-based payments	15	310,780	512,214
Other income	12	(226,215)	(447,627)
Changes in non-cash working capital balances:			
Receivables		(182,298)	(146,652)
Prepays		(48,108)	(109,962)
Trade and other payables		132,778	(66,342)
Cash used in operating activities		(777,316)	(1,300,230)
Cash flows from investing activities			
Deposits		-	(1,000)
Reclamation bond	11	-	(27,500)
Equipment	9	-	(113,581)
Cash received on acquisition of 0897043 BC Ltd net of transaction costs	6	-	(15,155)
Proceeds from sale of exploration and evaluation assets	10	37,500	75,000
Exploration and evaluation asset expenditures	10	(3,201,204)	(1,723,434)
Total cash used in investing activities		(3,163,704)	(1,805,670)
Cash flows from financing activities			
Shares issued for private placement	14	2,809,250	6,745,614
Exercise of options	14	64,750	-
Exercise of warrants	14	1,282,540	89,375
Share issue costs	14	(108,553)	(771,276)
Total cash inflow provided by financing activities		4,047,987	6,063,713
Increase in cash during the year		106,967	2,957,813
Cash, cash equivalents and restricted cash, beginning of year		2,964,663	6,850
Cash, cash equivalents and restricted cash, end of year	\$	3,071,630	\$ 2,964,663
Composition of cash, cash equivalents and restricted cash			
Cash	\$	37,379	\$ 937,163
Cash equivalents		3,034,251	2,027,500
Cash and cash equivalents, end of the year	\$	3,071,630	\$ 2,964,663

Supplemental cash flow information – Note 21

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

1. CORPORATION INFORMATION

Golden Ridge Resources Ltd. (*formerly 88 Capital Corp.*) (the "Company") was incorporated under the Business Corporations Act in British Columbia on January 27, 2011. On April 23, 2012, the Company completed a mineral property option transaction as its Qualifying Transaction and became a Tier 2 issuer listed on the TSX Venture Exchange ("Exchange") with shares trading under the symbol "EEC". On October 18, 2017, the Company completed an RTO transaction with 0897043 BC Ltd. (*formerly Golden Ridge Resources Ltd.*) as described in Note 6, wherein 0897043 BC Ltd. became a wholly-owned subsidiary of the Company (the "Transaction"). Additionally, the Company changed its name to Golden Ridge Resources Ltd. from 88 Capital Corp. and trades on the Exchange under the symbol GLDN.

The Company's corporate office and principal place of business is located at 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current properties include mineral properties located in British Columbia and the Yukon.

2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Effective July 1, 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9") and IFRS 15 *Revenue from Contracts with Customers*. IFRS 9 and IFRS 15 were adopted retrospectively with no restatement of comparative periods, as permitted by the transition provisions of each standard.

As a result of the application of IFRS 9, the Company changed its accounting policies for financial assets and impairment thereon as described in Note 3.

As a result of the application of IFRS 15, the Company changed its accounting policies for the recognition of revenue as described in Note 3.

The consolidated financial statements were authorized for issue by the Board of Directors on October 17, 2019.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiary.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS (cont'd)

The Company has not generated revenues from its operations to date. The Company currently has sufficient cash resources and working capital for the next 12 months and has working capital of \$3,060,846 (2018 - \$3,050,399) of which the Company has flow through expenditure requirements of \$1,504,594 (2018 - \$885,449) on or before December 31, 2020 (2018 – on or before December 31, 2019). The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general operations.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements within reasonable limits of materiality and within the framework of the significant policies summarized below:

Basis of Consolidation

These consolidated financial statements include the accounts of:

	<u>% of ownership</u>	<u>Jurisdiction</u>	<u>Principal Activity</u>
0897043 BC Ltd.	100	British Columbia	Exploration and Development

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Acquisition Costs

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts arising under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Mineral Exploration and Evaluation Expenditures (cont'd)

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year. When a project is deemed to no longer have commercially viable prospects to the Company, acquisition costs and exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure and acquisition costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property will be considered to be a mine under development and will be classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Farm-Out Arrangements

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

Mining Exploration Tax Credit ("METC")

The Company recognizes mining exploration tax recoveries in the period in which the related recoveries are received. The amount recoverable is subject to review and approval by the taxation authorities.

Property and Equipment

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property and equipment is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and Equipment (cont'd)

Major Maintenance and Repairs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and is provided at the following annual rates:

	Percentage
Field equipment	20%
Furniture and fixtures	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in profit or loss.

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Financial Instruments**

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company’s financial assets on the transition date, and therefore, comparative figures have not been restated.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Asset/Liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash and cash equivalents	Fair value through Profit or loss (“FVTPL”)	FVTPL
Marketable securities	Available-for-sale	Fair value through other comprehensive income (“FVOCI”)
Trade and other payables	Other financial liabilities	Amortized cost

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

De-recognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade and other payables are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Provisions

Provisions are recognized as liabilities when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

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 allocates the flow-through share using the residual method into i) share capital based on market value of common shares on the date of issue, ii) warrants based on fair value determined by the Black-Scholes option pricing model and iii) flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. The required flow-through expenditures as at June 30, 2019 of \$1,504,594 (2018 - \$885,449) is recorded as restricted cash.

Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period. 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.

Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

Contributed Surplus

Contributed surplus consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Escrow shares are excluded from the calculation. Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per common share excludes the effects of any instruments that would be anti-dilutive if they were converted.

Share-based Payments

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Forfeiture rate
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate
- Expected volatility

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue from Contracts with Customers

The Company adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") on a retroactive basis in accordance with the transitional provisions. IFRS 15 will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The new standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The Company has concluded that there are no differences between the point of risks and rewards transfer and the point of transfer of control under IFRS 15. As such, no adjustment has been recorded to the comparative figures.

Future Accounting Pronouncements

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

This standard is applicable to the Company's annual period beginning on July 1, 2019.

Except for the Company's office lease, the Company does not expect the impact of this new standard on its consolidated financial statements to be material.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant Accounting Judgements, Estimates and Assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Significant Accounting Judgements, Estimates and Assumptions (cont'd)

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Fair Value of Consideration to Acquire the Company

The fair value of consideration to acquire the Company comprises common shares, stock options and warrants. Common shares were valued on the date of issuance of the shares, and stock options and warrants were valued using the Black-Scholes option pricing model. The Company applied IFRS 2 *Share-based Payment* in accounting for and assessing the Transaction.

Determination of Control in the Transaction

The determination of the acquirer in the Transaction is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over 0897043 BC Ltd.; whether the Company has exposure or rights to variable returns from its involvement with 0897043 BC Ltd.; and whether the Company has the ability to use its powers over 0897043 BC Ltd. to affect the amount of its returns. In exercising this judgment, management reviewed the representation on the Board of Directors and key management personnel, the party that initiated the transaction, and each of the entities' activities. 0897043 BC Ltd. was deemed to be the acquirer in the Transaction.

The assessment of whether an acquisition constitutes a business is also subject to judgment and requires the Company to review whether the acquired entity contains all three elements of a business, including inputs, processes and the ability to create output. The Transaction was accounted for as a reverse acquisition and the difference between the fair value of net assets acquired and the consideration paid was recorded as a listing expense (Note 6).

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

5. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash consists of cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Cash equivalents are held in cashable guaranteed investment certificates with a maturity date May 13, 2020 with an interest rate of 1.89%. The required flow-through expenditures as at June 30, 2019 of \$1,504,594 (2018 - \$885,449) is recorded as restricted cash.

6. ACQUISITION

On July 18, 2017 the Company entered into a share purchase agreement (the "SPA") to acquire 100% of the issued and outstanding securities of 0897043 BC Ltd. (formerly Golden Ridge Resources Ltd.) by means of reverse takeover in exchange for common shares of the Company on a one-for-one basis (the "Transaction"). As such, 0897043 BC Ltd. is the continuing entity for accounting purposes. The transaction was considered a reverse takeover since the legal acquiree is the accounting acquirer and its former shareholders control the consolidated entity after the completion of this transaction. Consequently, the historical results of operations are those of 0897043 BC Ltd.

At the time of the Transaction, the Company's assets consisted primarily of cash, taxes recoverable and receivable, prepaid expenses and reclamation bond, and it did not have any processes capable of generating outputs; therefore, the Company did not meet the definition of a business. Accordingly, as the Company did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the Transaction did not constitute a business combination; however, by analogy it has been accounted for as a reverse takeover. Therefore, 0897043 BC Ltd., the legal subsidiary, has been treated as the accounting parent company, and the Company, the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As 0897043 BC Ltd. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values.

On October 18, 2017 the parties completed the Transaction and the shareholders of 0897043 BC Ltd. received 16,154,012 common shares of the Company in exchange for all the issued and outstanding shares of the 0897043 BC Ltd.

The fair value of the net assets of Golden Ridge Resources Ltd. was estimated as follows:

Fair Value of 8,896,988 common shares issued	\$1,112,124
Fair value of 106,000 stock options issued	12,373
Fair value of 4,693,750 warrants issued	170,901
Transaction costs	20,758
Total Purchase Price	\$1,316,156
Cash	\$5,603
Receivables	18,811
Prepays and advances	152,830
Reclamation bond	10,000
Due to related party	(8,575)
Loan payable	(7,645)
Trade and other payables	(62,196)
Net assets assumed	108,828
Listing expense	1,207,328
	\$1,316,156

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***6. ACQUISITION (cont'd)**

The total consideration has been estimated based on \$0.125 per common share. The total purchase price as described above results in a share capital increase of \$1,112,124 which represents the fair value of the Company's common shares issued to 0897043 BC Ltd. shareholders to effect the Transaction. The fair value of consideration paid exceeds the fair value of net assets assumed by \$1,207,328 which is treated as a listing expense and recorded in profit and loss for year ended June 30, 2018.

For the options and warrants exchanged for the Transaction, the following inputs to the Black-Scholes option pricing model were used:

Options - stock price of \$0.125, an exercise price of \$0.60, an expected life of 6.43 years, an interest rate without risk of 1.84%, no expected dividend yield and an estimated volatility of 167.77% which results in a fair value of \$12,373; and

Warrants - stock price of \$0.125, an exercise price of \$0.60, an expected life of 1.57 years, an interest rate without risk of 1.46%, no expected dividend yield and an estimated volatility of 135.50% which results in fair value of \$170,901.

Pursuant to the Transaction, principals entered into escrow agreements whereby 2,211,046 shares were held in escrow with the release of 10% on October 17, 2017 and the remaining balance to be released 15% every six months until October 18, 2020 (Note 14).

7. RECEIVABLES

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

	June 30 2019	June 30 2018
Sales taxes receivable	\$ 343,178	\$ 155,066
Other (Note 17)	16,313	22,127
	\$ 359,491	\$ 177,193

8. MARKETABLE SECURITIES

Marketable securities consist of:

- a) an investment of 5,556 (2018 - 5,556) common shares in Cobalt 27 Capital Corp. pursuant to the grant of a net smelter return royalty. The fair value of the marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation. As at June 30, 2019 these shares have a fair value of \$23,502 (2018 - \$49,059). During the year ended June 30, 2019, the Company recorded a decrease in fair market value of \$25,558 as an unrealized loss (2018 - \$941) in other comprehensive loss; and
- b) an investment of 196,875 (2018 - 75,000) common shares in Fireweed Zinc. Ltd. pursuant to the grant of an option (Note 10). The fair value of marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation. As at June 30, 2019, these shares have a fair value of \$112,219 (2018 - \$105,000). During the year ended June 30, 2019, the Company recorded a decrease in fair market value of \$78,094 as an unrealized loss (2018 - \$8,250) in other comprehensive loss.

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***9. EQUIPMENT**

	Field Equipment	Furniture & Fixtures	Total
Cost			
Balance at June 30, 2017	\$ -	\$ 2,843	\$ 2,843
Assets acquired	110,000	3,581	113,581
Balance at June 30, 2018 and 2019	\$ 110,000	\$ 6,424	\$ 116,424
Depreciation			
Balance at June 30, 2017	\$ -	\$ 2,843	\$ 2,843
Depreciation for the year	8,197	542	8,739
Balance at June 30, 2018	\$ 8,197	\$ 3,385	\$ 11,582
Depreciation for the year	22,000	1,285	23,285
Balance at June 30, 2019	\$ 30,197	\$ 4,670	\$ 34,867
Carrying amounts			
Carrying value at June 30, 2018	\$ 101,803	\$ 3,039	\$ 104,842
Carrying value at June 30, 2019	\$ 79,803	\$ 1,754	\$ 81,557

10. EXPLORATION AND EVALUATION ASSETS***British Columbia***

	Hank	Royalle	Total
Costs			
Balance at June 30, 2017	\$ 283,874	\$ -	\$ 283,874
Acquisition costs	-	48,814	48,814
Exploration costs	1,919,391	1,200	1,920,591
Balance at June 30, 2018	\$ 2,203,265	\$ 50,014	\$ 2,253,279
Acquisition costs	-	47,327	47,327
Exploration costs	3,432,485	3,563	3,436,048
Impairment	-	(100,904)	(100,904)
Balance at June 30, 2019	\$ 5,635,750	\$ -	\$ 5,635,750

Hank Property

On June 25, 2014 (the "Effective Date"), the Company and Lac Properties Inc. ("Lac") entered into an option agreement (the "Hank Option") for the Company to acquire a 100% interest in the Hank property (the "Hank Property"), located in the Liard district of British Columbia, subject to a 2% net smelter return ("NSR") to Lac. The terms of the Hank Option include:

- (a) incurring \$100,000 in exploration expenditures as defined in the Option (the "Expenditures") 12 months following the Effective Date (the "Expenditure Anniversary Date") (completed);
- (b) incurring an additional \$200,000 in Expenditures on or before the second Expenditure Anniversary Date (completed);

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia (cont'd)

Hank Property (cont'd)

- (c) incurring an additional \$700,000 in Expenditures on or before the third Expenditure Anniversary Date (completed); and
- (d) incurring an additional \$1,000,000 in Expenditures on or before the fourth Expenditure Anniversary Date (completed).

The Company, as operator, is entitled to record a 5% management fee (the "Management "Fee") on the Expenditures incurred in accordance with the terms of the Option. The Company did not record any Management Fee during the year ended June 30, 2019 and 2018.

Lac has certain back-in rights to earn 51% of the Property by repaying the Company two times its expenditures on the Property and cancelling the 2% NSR. In the event Lac exercises the back-in right the companies will form a 51/49 joint venture with Lac as the operator.

On November 13, 2018, the Company and Lac completed the exercise of the Hank Option wherein the Company acquired a 100% interest in the Hank Property from Lac.

Lac will continue to hold a 2% NSR on the Hank Property as well as certain back-in rights. Under the terms of a Back-in Right Agreement between the Company and Lac, Lac has the option to purchase a 51% interest in the Hank Project upon a mineral resource of at least 3 million ounces of contained gold or gold equivalent ("Hurdle Notice") being generated. Lac shall have the right to exercise for a period of one hundred and fifty (150) days after the Hurdle Notice has been delivered to Lac. If the back-in right is exercised, the Company will receive two times its expenditures in cash, the 2% NSR will be cancelled and 51/49 joint venture will immediately be formed. These royalties and back-in rights will be filed with the mineral titles online registry maintained by the chief gold commissioner of British Columbia.

Royalle Option

On April 18, 2018, the Company entered into an option agreement (the "Royalle Option") whereby the Company can acquire a 100% interest in the Royalle property (the "Royalle Property") located in British Columbia.

Under the terms of the Royalle Option, the Company can earn 100% interest in the Royalle Property by issuing 480,000 common shares (issued) and paying \$160,000 (\$30,000 paid) in cash to the property vendors (the "Vendors") and by incurring exploration work on the Property of \$580,000 over the term of the Agreement – see Notes 14 and 17.

Share Payments

- 240,000 shares upon Exchange approval (issued); and
- 240,000 shares on or before April 18, 2019 (issued).

Cash Payments

- Cdn\$15,000 upon Exchange approval (paid);
- Cdn\$15,000 on or before December 31, 2018 (paid);
- Cdn\$30,000 on or before December 31, 2019;
- Cdn\$50,000 on or before December 31, 2020;
- Cdn\$50,000 on or before December 31, 2021.

GOLDEN RIDGE RESOURCES LTD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

British Columbia (cont'd)

Royalle Option (cont'd)

Exploration Requirements

- Cdn\$50,000 on or before June 30, 2019;⁽¹⁾
- Cdn\$100,000 on or before December 31, 2019;
- Cdn\$200,000 on or before December 31, 2020;
- Cdn\$230,000 on or before December 31, 2021.

There is a 2.5% NSR royalty in favour of the vendors of which 1% is purchasable by the Company for \$1,700,000 any time prior to the commencement of commercial production. In addition, the Vendors will receive an additional \$150,000 on completion of a positive feasibility study and an additional \$250,000 upon achievement of commercial production. The Vendors include non-arms' length parties: Mike Blady, a director and the President and CEO of the Company and Chris Paul, the Company's VP of Exploration.

⁽¹⁾On December 17, 2018, the parties amended the Royalle Option to extend the exploration requirements due on or before December 31, 2018 to on or before June 30, 2019. The Company did not receive the required permits to complete the exploration work as required under the agreement. As such pursuant to the receipt of a default notice dated September 26, 2019, the Royalle Option was terminated. An impairment expense of \$100,904, representing all acquisitions and exploration and evaluation expenditures incurred to date, were written off in accordance with level 3 of the fair value hierarchy.

Yukon - North Canol

Fireweed Option

On March 27, 2018 the Company signed an option agreement (the "NC Agreement") with Fireweed Zinc Ltd. ("Fireweed Zinc") whereby Fireweed Zinc can acquire 100% interest in the Company's North Canol Property ("the NC Property") in Yukon Territory, Canada, by incurring certain exploration expenditures and making cash and share payments over a three-year period. The Company has 100% interest in the NC Property.

Under the terms of the NC Agreement, Fireweed Zinc can earn 100% interest in the NC Property by paying an aggregate \$500,000 in cash and issuing 450,000 common shares in the capital of Fireweed Zinc to Golden Ridge and by incurring exploration work on the NC Property during the course of the NC Agreement such that the claims remain in good standing for at least 12 months with the Yukon Mining Recorder from notification of cancellation of the NC Agreement.

- Cdn\$75,000 and 75,000 shares upon Exchange approval of the Option (received);
- On or before 12 months of approval, Cdn\$75,000 and 75,000 shares ⁽¹⁾ (received);
- On or before 24 months of approval, Cdn\$150,000 and 100,000 shares
- On or before 36 months of approval, Cdn\$200,000 and 200,000 shares
- Fireweed Zinc may prepay any of the Option Payments and/or prepay the entire Purchase Price at any time.

As of June 30, 2018, the Company has received \$75,000 cash and 75,000 common shares with a fair value of \$113,250 on the date the common shares were received.

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

Yukon - North Canal (cont'd)

Fireweed Option (cont'd)

(1) On April 15, 2019 the Company and Fireweed Zinc amended the agreement wherein the payments due on April 18, 2019 would be amended to \$37,500 in cash (received) and 121,875 in common shares (received) (the "Amendment"). On May 21, 2019 the Amendment was approved by the Exchange. All other terms and conditions remain unchanged. The 121,875 common shares had a fair value of \$85,312 on the date the common shares were issued.

Additional Payment

Fireweed Zinc agrees to pay the Company an additional \$750,000 upon receiving a resource calculation of at least 2 million tonnes of indicated (or better) resource on any part of the NC Property. The \$750,000 payment may be made in cash, shares or any combination thereof, at the discretion of Fireweed Zinc.

NSR Royalty

The Company will retain the following net smelter returns ("NSR") royalties from production derived from the Property:

- i. A 0.5% NSR royalty on base metals and silver; and
- ii. A 2.0% NSR royalty on all other metals (excluding cobalt, to which Fireweed Zinc acknowledges that a third party 2.0% NSR on cobalt presently exists with respect to the Property – See Cobalt NSR Agreement).

Fireweed will have the right to purchase one-half of the royalties for \$2,000,000 any time prior to the commencement of commercial production (leaving a 0.25% NSR royalty on base metals and silver and a 1.0% NSR royalty on all other metals excluding cobalt).

11. RECLAMATION BOND

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Hank Property. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia ("MEM") in the amount of \$37,500 as at June 30, 2019 (2018 - \$37,500). During the year ended June 30, 2018, the Company issued a refundable bond to the MEM amounting to \$27,500. In addition, as at June 30, 2018, a \$10,000 refundable bond was acquired as part of the Transaction (Note 6) and is also held with the Ministry of Finance for the Hank Property.

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***12. OTHER LIABILITIES**

	Issued on September 7, 2017	Issued on December 22, 2017	Issued on December 29, 2017	Total
Balance at June 30, 2017	\$ -	\$ -	\$ -	\$ -
Liability incurred on flow-through shares issued	189,592	244,500	239,750	673,842
Settlement of flow-through share liability on incurring expenditures	(189,592)	(244,500)	(13,535)	(447,627)
Balance at June 30, 2018	\$ -	\$ -	\$ 226,215	\$ 226,215
Settlement of flow-through share liability on incurring expenditures	-	-	(226,215)	(226,215)
Balance at June 30, 2019	\$ -	\$ -	\$ -	\$ -

On September 7, 2017 the Company completed a private placement for 7,583,673 flow-through common shares at a price of \$0.15 per FT Share, for gross proceeds of \$1,137,551. The Company determined that these shares were issued at a premium of \$0.025 per share based on the share price of \$0.125 on the date of issuance. The liability incurred on flow-through shares was \$189,592.

The Company completed a private placement in two tranches for an aggregate 7,500,000 flow-through common shares at a price of \$0.20 per share for gross proceeds of \$1,500,000. The Company determined that these shares were issued at a premium of \$0.06 and \$0.07 per share based on the share price of \$0.14 and \$0.13 on the date of issuance. The liability incurred on flow-through shares was an aggregate of \$484,250.

Effective December 31, 2018, the Company had incurred the remaining \$885,449 (2018 - \$1,752,102) of qualifying Canadian Exploration Expenditures ("CEE") thereby fulfilling the obligation and had extinguished the remaining \$226,215 of the liability. The extinguishment of the liability was recognized as other income of \$226,215 in the consolidated statements of loss and comprehensive loss during the year ended June 30, 2019 (2018 - \$447,627). There was no liability recognized on the issuance of flow-through units issued during the year ended June 30, 2019.

13. TRADE AND OTHER PAYABLES

	June 30 2019	June 30 2018
Trade payables	\$ 475,560	\$ 121,816
Due to related parties - Note 17	194,393	163,334
Total	\$ 669,953	\$ 285,150

14. SHARE CAPITAL AND RESERVES**a) Common Shares**

The Company's authorized share capital is an unlimited number of common shares with no par value.

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***14. SHARE CAPITAL AND RESERVES (cont'd)****a) Common Shares (cont'd)**

The following is a summary of changes in share capital from July 1, 2017 to June 30, 2019.

	Note	Number	Issue Price	Total
Balance at June 30, 2017		16,154,012	-	\$ 1,756,925
Fair value of common share issued for the Acquisition	6	8,896,988	\$0.125	1,112,124
Transaction financing	14	32,864,500	\$0.125	4,108,063
Transaction financing	14	7,583,673	\$0.150	1,137,551
Private placement	14	7,500,000	\$0.200	1,500,000
Shares issued for exploration and evaluation assets	10	240,000	\$0.130	31,200
Deemed price premium on flow-through shares	12	-	-	(673,842)
Exercise of warrants	14	357,500	\$0.250	89,375
Fair value of warrants transferred on exercise	14	-	-	13,017
Share issue costs		-	-	(1,036,550)
Balance at June 30, 2018		73,596,673	-	\$ 8,037,863
Private placement	14	13,995,458	\$0.165	2,309,250
Private placement	14	4,000,000	\$0.125	500,000
Residual value allocated to warrants	14	-	-	(489,841)
Shares issued for exploration and evaluation assets	10	240,000	\$0.125	30,000
Exercise of warrants	14	5,130,161	\$0.250	1,282,540
Exercise of options	14,15	265,000	\$0.150	39,750
Exercise of options	14,15	200,000	\$0.125	25,000
Fair value of options transferred on exercise	14	-	-	59,198
Fair value of warrants transferred on exercise	14	-	-	94,919
Fair value of warrants issued in error and returned	14	-	-	13,615
Share issue costs		-	-	(164,550)
Balance at June 30, 2019		97,427,292	-	\$ 11,737,744

During the year ended June 30, 2019, the Company issued the following:

Effective May 7, 2019, the Company completed a non-brokered private placement and issued 13,995,458 flow-through units (each, a "FT Unit") of the Company at a price of \$0.165 per FT Unit and issued a further 4,000,000 units (each, a "Unit") at a price of \$0.125 per Unit for aggregate gross proceeds of \$2,809,250 (the "Offering"). Each FT Unit consisted of one common share of the Company that qualifies as a flow-through share for purposes of the *Income Tax Act* (Canada) (a "FT Share") and one non-flow through common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire an additional common share at an exercise price of \$0.25 until May 7, 2022. Each Unit consisted of one common share (as "Share") of the Company and one Warrant. The Company determined that the shares were issued at a premium of \$0.035 per share based on the share price of \$0.13 on the date of issuance. As such, the residual value of \$489,841 was allocated to the warrants in contributed surplus and \$nil to flow-through share liability.

14. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

In connection with the Offering the Company paid aggregate cash finder's fees of \$71,725 and issued an aggregate of 734,836 warrants (the "Finder Warrants"). Each Finder Warrant entitles the holder to purchase one Share at a purchase price of \$0.25 until May 7, 2022. The fair value of the non-cash share issuance costs of \$56,143 for the Agent's Warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issuance date of \$0.13, exercise price of \$0.25, risk-free interest rate of 1.50%, average projected volatility of 116.89%, dividend yield of nil, average expected life of the options of 3 years and the fair value of the warrants of \$0.08.

Additional legal fees, transfer agent and filing fees in the amount of \$36,682 were incurred in connection with the Offering completed during the year ended June 30, 2019.

On April 16, 2019 the Company issued 240,000 common shares pursuant to the Royalle Agreement as described in Note 10 hereinabove. The common shares were valued at \$30,000 as determined by the market price when issued being \$0.125 per share.

An aggregate 5,130,161 common shares pursuant the exercise of 4,098,000 common share purchase warrants and 1,032,161 agents warrants at an exercise price of \$0.25 per share. Fair value of \$94,919 was transferred from contributed surplus to capital stock for these warrants exercised.

An aggregate 265,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.15 per share. Fair value of \$34,290 was transferred from contributed surplus to capital stock for these options exercised.

An aggregate 200,000 common shares pursuant the exercise of stock options at an exercise price of \$0.125 per share. Fair value of \$24,908 was transferred from contributed surplus to capital stock for these options exercised.

During the year ended June 30, 2018, the Company issued the following:

In connection with the Transaction completed on September 7, 2017, the parties completed a non-brokered private placement for gross proceeds of \$5,245,614 by issuing 32,864,500 units (each a "Unit"), at a price of \$0.125 per Unit, for proceeds of \$4,108,063; and 7,583,673 "flow-through" common shares (each a "FT Share"), at a price of \$0.15 per FT Share, for gross proceeds of \$1,137,551 on September 7, 2017. Each Unit consisted of one common share and one-half of one common share purchase warrant ("Warrant"), with each Warrant being exercisable to acquire one common share of the Company at a price of \$0.25 until August 31, 2019.

Share issue costs include agent's fees of \$329,690 in cash and the grant of 2,524,584 Agent's Warrant exercisable to acquire one common share at an exercise price of \$0.25 in relation to the Units and FT Shares. The fair value of the non-cash share issuance costs of \$245,517 for the Agent's Warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issuance date of \$0.14, exercise price of \$0.25, risk-free interest rate of 1.46%, average projected volatility of 167.77%, dividend yield of nil, average expected life of the options of 2 years and the fair value of the warrants of \$0.10.

On December 22, 2017 and December 29, 2017, the Company completed a private placement in two tranches for an aggregate 7,500,000 flow-through common shares at a price of \$0.20 per share for gross proceeds of \$1,500,000.

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14. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

Share issue costs include \$83,100 in cash and the grant of 415,500 Agent's Warrant exercisable to acquire one common share at an exercise price of \$0.25 in relation to the flow-through shares. The fair value of the non-cash share issuance costs of \$17,916 for the Agent's Warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issuance date of \$0.13, exercise price of \$0.25, risk-free interest rate of 1.64%, average projected volatility of 132.22%, dividend yield of nil, average expected life of the options of 1 year and the fair value of the warrants of \$0.04.

Additional corporate finance, legal fees and filing fees in the amount of \$360,327 were incurred in connection with the financings completed during the year ended June 30, 2018.

On May 7, 2018 the Company issued 240,000 common shares pursuant to the Royale Agreement as described in Note 10 hereinabove. The common shares were valued at \$31,200 as determined by the market price when issued being \$0.13 per share.

During the year ended June 30, 2018, the Company issued an aggregate 357,500 common share pursuant the exercise of 330,000 common share purchase warrants and 27,500 agents warrants at an exercise price of \$0.25 per share. Fair value of \$13,017 was transferred from contributed surplus to capital stock for these warrants exercised.

b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from June 30, 2017 to June 30, 2019:

	Number	Weighted Average Price
Balance June 30, 2017	1,035,341	\$0.25
Granted	16,432,250	\$0.33
Granted as part of Transaction (Note 6)	4,493,050	\$0.33
Exercised	(330,000)	\$0.25
Balance June 30, 2018	21,630,641	\$0.28
Issued	17,995,458	\$0.25
Expired	(1,815,341)	\$0.25
Exercised*	(4,098,000)	\$0.25
Balance June 30, 2019	33,712,758	\$0.25

*The weighted average share price at exercise date is \$0.39 (2018 - \$0.32) per share.

As at June 30, 2019 the following share purchase warrants were outstanding:

	Number	Price Per Share	Expiry Date
	2,310,550	\$0.25	August 17, 2019 ⁽¹⁾
	13,406,750	\$0.25	August 31, 2020
	17,995,458	\$0.25	May 7, 2022
	33,712,758		

(1) See Note 25

GOLDEN RIDGE RESOURCES LTD.
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14. SHARE CAPITAL AND RESERVES (cont'd)

b) Share Purchase Warrants (cont'd)

As at June 30, 2019, 33,712,758 (2018 - 21,630,641) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.99 (2018 - 1.11) years.

c) Agents' Warrants

	Number	Weighted Average Price
Balance, June 30, 2017	-	-
Granted	2,940,084	\$0.58
Granted as part of the Transaction (Note 6)	200,700	\$0.58
Exercised	(27,500)	\$0.25
Balance, June 30, 2018	3,113,284	\$0.26
Issued	734,836	\$0.25
Forfeited	(140,000)	\$0.25
Expired	(315,200)	\$0.25
Exercised*	(1,032,161)	\$0.25
Balance, June 30, 2019	2,360,759	\$0.25

* The weighted average shares prices at exercise date is \$0.38 (2018 - \$0.38) per share

During the year ended June 30, 2019 the Company cancelled 140,000 Agent's warrants at an exercise price of \$0.25 in connection with the September 7, 2017 private placement that were issued in error. The fair value of \$13,615 was transferred from contributed surplus to capital stock for these Agents warrants cancelled.

As at June 30, 2019, the following agent warrants were outstanding:

	Number	Price Per Share	Expiry Date
	82,500	\$0.25	August 17, 2019 ⁽¹⁾
	1,543,423	\$0.25	August 31, 2019 ⁽¹⁾
	734,836	\$0.25	May 7, 2022
	2,360,759		

(1) See Note 25

As at June 30, 2019, 2,360,759 (2018 - 3,113,284) agent's warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.00 (2018 - 1.07) years.

d) Escrow Shares

As at June 30, 2019, 994,971 (2018 - 1,658,285) common shares held in escrow in connection with the Transaction as described herein (Note 6). The remaining balance in escrow will be released 331,657 every six months from October 18, 2019 until October 18, 2020.

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***15. SHARE-BASED PAYMENTS****a) Option Plan Details**

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors.

The following is the summary of changes in options from the period ended July 1, 2017 and June 30, 2019:

	Number	Weighted Average Price
Balance June 30, 2017	-	-
Granted	4,000,000	\$0.14
Granted as part of Transaction (Note 6)	106,000	\$0.60
Expired	(96,000)	\$0.60
Balance June 30, 2018	4,010,000	\$0.14
Issued	2,650,000	\$0.13
Expired	(50,000)	\$0.17
Exercised*	(465,000)	\$0.14
Balance June 30, 2019	6,145,000	\$0.14

*The weighted average share price on the date of exercise is \$0.27 per share.

As at June 30, 2019 the following options were outstanding:

	Number Vested and Exercisable	Price Per Share	Expiry Date
	10,000	\$0.60	June 4, 2024
	1,735,000	\$0.15	October 18, 2020
	1,800,000	\$0.13	April 5, 2023
	600,000	\$0.17	July 17, 2023
	2,000,000	\$0.12	January 17, 2024
	6,145,000		

As at June 30, 2019, 6,145,000 (2018 – 4,010,000) options were outstanding and exercisable with a weighted average remaining contractual life of 3.36 (2018 – 3.54) years.

b) Fair Value of Options Issued During the Year

During the year ended June 30, 2019, the weighted average fair value at grant date of options granted was \$0.13 per option (2018 - \$0.15). During the year ended June 30, 2019, there were 2,650,000 options granted (2018 – 4,106,000).

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***15. SHARE-BASED PAYMENTS (cont'd)****c) Expenses Arising from Share-based Payment Transactions**

The Black-Scholes option pricing model inputs for options granted or vested during the years ended June 30, 2019 and 2018 are as follows:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
17-Jan-2019	17-Jan-2024	\$0.105	\$0.12	1.83%	5	152.92%	0
17-Jul-2018	17-Jul-2023	\$0.17	\$0.17	2.19%	5	152.92%	0
18-Oct-2017	18-Oct-2023	\$0.14	\$0.15	1.70%	5	167.77%	0
5-Apr-2018	5-Apr-2023	0.135	\$0.125	2.18%	5	154.01%	0

Expected volatility is based on the historical volatility of the Company's market share price.

Total expenses arising from share-based payment transactions recognized during the year ended June 30, 2019 were \$310,780 (2018 - \$512,214) using the Black-Scholes option pricing model.

16. ADMINISTRATIVE AND GENERAL EXPENSES

	For the Years Ended June 30	
	2019	2018
Accounting and legal	\$ 77,137	\$ 22,107
Consulting - Note 17	239,226	186,578
Conferences	66,020	58,808
Corporate development	-	91,143
Office and administration fees - Note 17	72,933	63,487
Part XII.6	11,618	2,894
Investor relations, marketing and website development	143,856	470,043
Rent - Note 17	16,893	15,184
Filing fees	8,126	11,243
Shareholder communication	15,037	18,936
Transfer agent fees	10,215	6,827
Travel	39,866	30,024
	\$ 700,927	\$ 977,274

17. RELATED PARTY TRANSACTIONS**a) Key Management Compensation**

	June 30 2019	June 30 2018
Key management personnel compensation comprised:		
Administration and management fees	\$ 57,894	\$ 24,016
Consulting fees	287,488	324,063
Share-based payments	120,000	347,750
	\$ 465,382	\$ 695,829

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***17. RELATED PARTY TRANSACTIONS (cont'd)****a) Key Management Compensation (cont'd)**

For the years ended June 30, 2019 and 2018:

- i) Consulting fees of \$90,000 (2018 - \$67,500) were paid or accrued to Tank Enterprises, a company controlled by Mike Blady, President, CEO and director. Mr. Blady was appointed President and CEO on October 18, 2017;
- ii) Consulting fees of \$90,600 (2018 - \$144,800) were paid or accrued to Ridgeline Exploration Inc. ("Ridgeline") a company held 50% by Chris Paul, VP Exploration and 50% by Mike Blady, President and CEO, for services provided by the VP Exploration of which \$60,600 (2018 - \$55,925) was capitalized to exploration and evaluation assets;
- iii) Consulting fees of \$37,625 (2018 - \$60,000) were paid or accrued to 43983 Yukon Inc. ("43983 Yukon") a company controlled by Larry Nagy, former President and CEO and current director of the Company. Mr. Nagy resigned as President and CEO on October 18, 2017. Mr. Nagy remains Chairman of the Board;
- iv) Consulting fees of \$69,263 (2018 - \$51,763) were paid or accrued to Minco for services provided by the Chief Financial Officer;
- v) Administration fees of \$32,163 (2018 - \$24,016) were paid or accrued to Minco in relation to providing administrative and accounting employment services;
- vi) Share-based payments are the fair value of options granted to key management personnel. The Company granted a total of 1,200,000 (2018 - 2,675,000) options to directors and officers of the Company. Share-based payments expense totalled \$120,000 (2018 - \$347,750) in respect of these option grants.

b) Exploration Services & Equipment Rental Payments

The Company uses Ridgeline a company controlled 50% each by Mike Blady and Chris Paul for field personnel, equipment rental and office work for its exploration activities as follows:

Equipment rental payments of \$79,093 (2018 - \$19,240) were paid or accrued to Ridgeline which was capitalized to exploration and evaluation assets.

Management fees of \$25,731 (2018 - \$40,416) were paid or accrued to Ridgeline in connection with the supply of exploration personnel and services and were capitalized to exploration and evaluations assets.

c) Related Party Liabilities

Amounts due to:	Service for:		June 30 2019		June 30 2018
Minco	Consulting & Administration Fees	\$	16,354	\$	\$7,308
Colorado Resources Ltd.	Administrative		-		325
Ridgeline Exploration	Service Fees		-		56,988
Ridgeline Exploration	Expenses		141,289		54,088
Tank Enterprises	Consulting Fees		36,750		44,625
		\$	194,393	\$	\$163,334

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***17. RELATED PARTY TRANSACTIONS (cont'd)****d) Related Party Receivables (Note 7)**

Amounts due from:	Service for:		June 30 2019		June 30 2018
Damara Gold Corp.	Rent & Expenses	\$	-	\$	11,790
Ridgeline	Rent & Expenses		-		10,337
Minco	Rent & Expenses		2,100		-
Jiulian Resources Inc.	Rent & Expenses		788		-
		\$	2,888	\$	22,127

Amounts due from related parties are expenses are incurred for shared office space and administrative personnel that have common directors or officers and amounts due are without interest or stated terms of repayment.

e) Transactions

In connection with the Royale Option, Mr. Blady President, CEO and a director and Mr. Paul VP of Exploration had an interest in the transaction considered to be related party transactions wherein each of Mr. Blady and Mr. Paul received \$3,750 (2018 - \$3,750) in cash consideration and were issued 60,000 (2018 - 60,000) common shares. The common shares were valued at \$7,500 (2018 - \$7,800) each as determined by the market price when issued being \$0.125 (2018 - \$0.13) per share

18. INCOME TAXES

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the years ended June 30, 2018 and 2017. The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

		June 30 2019		June 30 2018
Loss before tax	\$	(765,629)	\$	(2,010,458)
Income taxed at local statutory rates - 27% (2018 – 26.50%)		(206,720)		(532,771)
Items not deductible for tax purposes		7,399		16,402
Change in timing differences		26,963		375,843
Effect of change in tax rates		-		(34,713)
Permanent difference for exploration and evaluation assets		510,124		464,307
Unused tax losses and tax offsets not recognized		(337,766)		(289,068)
Income tax expense	\$	-	\$	-

Deferred Tax Assets and Liabilities

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The Company renounced flow-through expenditures on exploration and evaluation assets which gives rise to temporary differences that result in deferred tax liabilities for which deferred tax assets can be recognized, consisting of the following:

		June 30 2019		June 30 2018
Deferred tax liability on exploration and evaluation assets	\$	923,305	\$	468,663
Deferred tax asset recognized to offset liability		(923,205)		(468,663)
	\$	-	\$	-

GOLDEN RIDGE RESOURCES LTD.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian Dollars)***18. INCOME TAXES (cont'd)**

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	June 30 2019	June 30 2018
Non-capital losses	\$ 925,224	\$ 1,826,792
Exploration and evaluation assets	-	329,174
Property and equipment	34,867	11,581
Share issue costs	768,781	871,849
Marketable securities	56,422	4,596
Total	\$ 1,782,294	\$ 3,043,992

As at June 30, 2019, the Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate Canadian non-capital losses expire as follows:

Year of Expiry	Taxable Losses
2031	\$ 87,000
2032	641,000
2033	361,000
2034	554,000
2035	427,000
2036	291,000
2037	436,000
2038	732,000
2039	816,000
Total	\$ 4,345,000

The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that there will be sufficient future taxable profit to utilize the deferred tax assets.

Flow-through Shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended June 30, 2019, the Company received \$2,309,250 (2018 - \$2,637,551) from the issue of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. During the year ended June 30, 2019, the Company renounced \$2,309,250 (2018 - \$2,637,551) to the subscribers (Note 12).

As at June 30, 2019 the Company had \$1,037,652 (2018 - \$670,678) remaining in flow through expenditures to complete.

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

19. LOSS PER SHARE

	June 30 2019	June 30 2018
Net loss attributable to ordinary shareholders	\$ (765,629)	\$ (2,010,458)
Weighted average number of common shares	80,988,041	61,238,679
Basic and diluted loss per share	\$ (\$0.01)	\$ (\$0.03)

20. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada. The Company's non-current assets as at June 30, 2019 and June 30, 2018 are all in Canada.

21. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the year ended June 30, 2019 and 2018 are the following transactions were excluded from the statements of cash flows:

- i) A compensation charge of \$56,143 (2018 - \$263,433) associated with the grant of 734,836 (2018 - 2,940,084) agent warrants was recorded as share issue costs - see Note 14;
- ii) The Company issued 240,000 common shares (2018 - 240,000) valued at \$30,000 (2018 - \$31,200) for acquisition of exploration and evaluation assets, as determined by their market prices when issued (Notes 10 and 14);
- iii) Included in accounts payable is \$466,942 (2018 - \$214,771) of exploration expenditures that are capitalized to exploration and evaluation assets; and
- iv) Included in accounts payable is \$1,695 (2018 - \$1,841) of share issue costs.
- v) The Company received common shares of Fireweed Zinc with a fair value of \$85,312 (2018 - \$113,250) related to the North Canol option agreement (Note 10).

22. COMMITMENTS AND CONTINGENCIES

On May 27, 2017 the Company entered into a five-year lease with Vintage Commercial Ltd. The lease is effective July 1, 2017 at an annual payable rent of \$19,332 in the first year (ten months) and \$23,201 effective July 1, 2018 until June 1, 2022. On June 1, 2018 the Company assigned the lease and the Company's obligations to a third party however remains subject to certain terms and covenants therein should the sub-lessor not fulfil the obligations.

Effective July 1, 2018 the Company sub-lets additional office space on a month to month basis at \$5,010 per month. During the year ended June 30, 2019 \$42,250 (2018 - \$Nil) is recorded against rent expense in the consolidated financial statements of loss and comprehensive loss.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

As at June 30, 2019, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities that are subject to changes in market price.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company endeavours not to maintain any trade payables beyond a 30-day period to maturity.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for receivables, and trade and other payables approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the sale of the marketable securities (Note 8) and cash and cash equivalents, have been determined by reference to published price quotations in an active market, a Level 1 valuation.

24. CAPITAL MANAGEMENT

The Company monitors its common shares, warrants and stock options as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended June 30, 2019.

25. SUBSEQUENT EVENTS

Exploration and Evaluation Assets

On July 9, 2019, the Company and Evrim Resources Corp. ("**Evrim**") entered into an option agreement (the "**Option Agreement**") to acquire an 80% interest in the Ball Creek Project (the "**Project**") located in British Columbia.

Under the terms of the Agreement, the Company will have the right to earn an 80% interest subject to a 2% net smelter return royalty (the "**NSR**") in the Project by delivering on or before the 20th anniversary a production notice to construct and operate a mine (the "**Production Decision**") supported by a feasibility study (the "**Feasibility Study**") and evidence that Golden Ridge has obtained sufficient financing to develop the Project in accordance with the Feasibility Study.

Additionally, in order to maintain the Option in good standing until exercised, Golden Ridge, subject to TSX Venture Exchange ("Exchange") approval (received on July 16, 2019) (the "**Effective Date**") shall issue 1,000,000 common shares, make certain cash or share equivalent payments of up to \$300,000¹ and additional cash payments of \$1.75M over a 15 year period (the "**Option Payments**") as follows:

GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

25. EVENTS AFTER THE REPORTING DATE (cont'd)

	Shares	Cash
Within five business days of Exchange approval	1,000,000 (issued)	-
Annually from Years 1-6 ¹	(cash or share equivalent)	\$50,000
Annually from Years 7-10	-	\$125,000
Annually from Years 11-15	-	\$250,000

The Company can elect to extend the option by another five years by making annual cash payments of \$500,000 on or before the 16th to 20th anniversary of the Effective Date.

The Company will not be obligated to make any payment other than the Share Commitment. Additionally, the Company's obligation to make any further Option Payments will cease upon Golden Ridge making a Production Decision and exercising the Option accordingly.

Upon exercise of the Option, Golden Ridge and Evrim will enter into a joint venture agreement (the "JV") wherein Evrim will maintain a carried interest in the JV. Golden Ridge will then make cash payments of \$250,000 per year until a deposit is placed into commercial production. Evrim retains the right to buy down 1% of the underlying 2% NSR royalty.

Share Purchase Warrants

On August 17, 2019 2,310,550 share purchase warrants at an exercise price of \$0.25 expired without exercise.

Agents Warrants

On August 17, 2019 82,500 agents warrants at an exercise price of \$0.25 expired without exercise.

On August 31, 2019 1,543,423 agents warrants at an exercise price of \$0.25 expired without exercise.