

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended June 30, 2019

(Unaudited- Prepared by Management)

RIVERSIDE RESOURCES LTD.

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June 30, 2019

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NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim consolidated financial statements for the nine months ended June 30, 2019 have not been reviewed by the Company's auditors.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Financial Position as at
(Unaudited- Expressed in Canadian Dollars)

	Note	June 30, 2019	September 30, 2018
Assets			
Current assets:			
Cash and cash equivalents	14	\$ 4,155,778	\$ 2,060,078
Short-term investments	5	2,045,014	808,746
Receivables	6	456,822	484,879
Prepaid expenses	7	152,587	108,705
		6,810,201	3,462,408
Equipment	8	130,680	62,451
Exploration and evaluation assets	9	6,179,166	5,344,749
		\$ 13,120,047	\$ 8,869,608

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	10	\$ 1,353,030	\$ 126,731
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Shareholders' equity:

Capital stock	11	27,320,879	24,590,428
Reserves	11	3,278,938	3,194,415
Deficit		(17,602,944)	(17,917,156)
Accumulated other comprehensive loss		(1,229,856)	(1,124,810)
		11,767,017	8,742,877
		\$ 13,120,047	\$ 8,869,608

Nature and continuance of operations (Note 1)

Contingency (Note 17)

On behalf of the Board on August 29, 2019

“Walter Henry” Director
Water Henry

“Carol Ellis” Director
Carol Ellis

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited - Expressed in Canadian Dollars)

	Note	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	9 Months Ended June 30, 2019	9 Months Ended June 30, 2018
Expenses					
Consulting fees		\$ 73,121	\$ 78,441	\$ 230,467	\$ 230,306
Depreciation	8	4,333	5,738	12,337	33,740
Director fees		9,000	12,000	30,000	36,000
Filing fees		14,508	19,876	53,926	46,305
Foreign exchange (gain) loss		61,673	(46,668)	2,592	(107,017)
Investor relations		56,431	33,355	177,302	143,005
Office expenses (recovery)		10,048	(1,260)	10,105	34,169
Payroll and benefits		326	745	1,560	2,183
Professional fees		69,510	33,848	124,139	89,066
Property investigation and evaluation		10,699	(1,810)	18,572	30,210
Rent		19,348	19,670	58,044	106,320
Share-based payments	11	28,432	46,609	82,912	158,325
Travel and meals		99	(18)	20,476	4,875
Finance income		(16,273)	(6,295)	(26,664)	(20,082)
Other income	5, 6	(439,666)	(9,437)	(974,602)	(25,618)
Write-down of exploration and evaluation assets		96,062	46,116	96,062	62,052
Realized (gain) loss on short-term investments		(78,323)	178,171	(204,594)	52,913
Gain on debt settlement		-	-	(26,846)	-
Recovery on exploration and evaluation assets		-	(67,839)	-	(124,833)
Net income (loss) for the period		80,672	(341,242)	314,212	(751,919)
Foreign exchange movements		(91,017)	(405,988)	(105,046)	(172,150)
Comprehensive income (loss) for the period		(10,345)	(747,230)	209,166	(924,069)
Earnings (loss) per share – basic and diluted		\$ 0.00	\$ (0.01)	\$ 0.01	\$ (0.02)
Weighted average number of common shares outstanding					
– basic and diluted		47,383,007	44,556,566	45,980,920	44,429,753

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Cash Flows for the nine months ended June 30,
(Unaudited- Expressed in Canadian Dollars)

	Note	2019	2018
OPERATING ACTIVITIES			
Net income (loss) for the period		\$ 314,212	\$ (751,919)
Items not involving cash			
Depreciation	8	12,337	33,740
Share-based payments	11	82,912	158,325
Write-down of exploration and evaluation assets	9	96,062	62,052
Unrealized gain on short-term investments		(204,594)	52,913
Other income	5,6	(941,674)	-
Recovery on exploration and evaluation assets		-	(124,833)
Change in non-cash working capital items:			
Prepaid expenses		(43,882)	10,741
Receivables		38,057	(2,017)
Accounts payable and accrued liabilities		(21,337)	(16,116)
		(667,907)	(577,114)
INVESTING ACTIVITIES			
Exploration advances – accounts payable and accrued liabilities		1,246,848	32,463
Exploration and evaluation assets		(1,012,384)	(783,584)
Acquisition of equipment	8	(81,658)	-
Deposit		-	25,525
Short-term investments		-	242,750
		152,806	(482,846)
FINANCING ACTIVITIES			
Proceeds from share issuance, net of issuance costs	11	2,633,362	-
		2,633,362	-
Effect of foreign exchange on cash and cash equivalents		(22,561)	(170,240)
Increase in cash and cash equivalents		2,095,700	(1,230,200)
Cash and cash equivalents, beginning of the period		2,060,078	3,918,999
Cash and cash equivalents, end of the period		\$ 4,155,778	\$ 2,688,799

Supplemental disclosures with respect to cash flows (Note 14)

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars)

		Capital Stock				Accumulated other comprehensive loss	Total
	Note	Shares	Amount	Reserves	Deficit		
Balance at September 30, 2017		44,179,313	\$ 24,472,028	\$ 3,046,457	\$ (16,454,461)	\$ (1,175,741)	\$ 9,888,283
Issued for:							
Performance bonus shares	11	230,000	64,400	-	-	-	64,400
Shares issued for mineral property	9	200,000	54,000	-	-	-	54,000
Share-based payments	11	-	-	158,325	-	-	158,325
Loss for the period		-	-	-	(751,916)	-	(751,916)
Foreign exchange movements		-	-	-	-	(172,150)	(172,150)
Balance at June 30, 2018		44,609,313	24,590,428	3,204,782	(17,206,377)	(1,347,891)	9,240,942
Balance at September 30, 2018		44,609,313	24,590,428	3,194,415	(17,917,156)	(1,124,810)	8,742,877
Issued for:							
Private placement	11	17,516,875	2,631,751	1,611	-	-	2,633,362
Performance bonus shares	11	265,000	47,700	-	-	-	47,700
Shares issued for mineral property	9	300,000	51,000	-	-	-	51,000
Share-based payments	11	-	-	82,912	-	-	82,912
Income (loss) for the period		-	-	-	314,212	-	314,212
Foreign exchange movements		-	-	-	-	(105,046)	(105,046)
Balance at June 30, 2019		62,691,188	\$ 27,320,879	\$ 3,278,938	\$ (17,602,944)	\$ (1,229,856)	\$ 11,767,017

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Riverside Resources Inc. (the “Company”) is a mineral exploration and evaluation company operating as a prospect generator listed on the TSX Venture Exchange under the symbol “RRI” and is engaged in the acquisition, exploration and evaluation of exploration and evaluation assets in the Americas including Canada, the United States and Mexico.

The Company’s head office address is 550 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, acquiring assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Management believes that the Company has sufficient working capital to maintain its operations and activities for the next fiscal year.

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - *Interim Financial Reporting*. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2018. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended September 30, 2019.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS 34”), “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these interim financial statements comply with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

4. Significant accounting policies

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
Riverside Resources Mexico, S.A. de C.V.	Mexico	100%	Mineral exploration
RRM Exploracion, S.A.P.I. de C.V.	Mexico	100%	Mineral exploration
RRM Minas S DE RL de C.V.	Mexico	100%	Mineral exploration
RRI Exploration Inc.	United States	100%	Mineral exploration
RRI Holdings Limited	Canada	100%	Holding company
Riverside Resources (BC) Inc.	Canada	100%	Mineral exploration

New and revised standards and interpretations

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended September 30, 2018, except for the adoption, on October 1, 2018, the Company adopted all of the requirements of IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9"), which has an initial application as at this date.

IFRS 9, *Financial Instruments* (new; replaces IAS 39)

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the new accounting policy for financial assets under IFRS 9:

Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument -by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

New and revised standards and interpretations (continued)

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise. There is no subsequent reclassification of fair value gains and losses for profit or loss following the derecognition of the investment.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Derecognition of financial assets: Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

IFRS 9, *Financial Instruments* (new; replaces IAS 39)

The following table shows the classification of the Company's financial assets and liabilities under IFRS 9:

Financial asset or liability	IAS 39 Classification	IFRS 9 Classification
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Short-term investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

As the accounting reflected by the adoption of IFRS 9 under the above classifications and election is similar to that of IAS 39, there will be no impact on the Company's interim financial statements and no restating of prior periods will be required.

IFRS 15, *Revenue from Contracts with Customers* (new, replaces IAS 18)

On October 1, 2018, the Company adopted IFRS 15, which supersedes IAS 18. In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* which supersedes IAS 11 – *Construction Contracts*; IAS 18 – *Revenue*; IFRIC 13 – *Customer Loyalty Programmes*; IFRIC 15 – *Agreements for the Construction of Real Estate*; IFRIC 18 – *Transfers of Assets from Customers*; and SIC 31 – *Revenue – Barter Transactions involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is a junior mining exploration company, and it currently does not generate any revenue from contracts with customers. Therefore, the adoption of this standard did not have any significant impact on the Company's interim financial statement.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

New and revised standards and interpretations (continued)

IFRS 16- Leases (new, replaces IAS 17)

On January 1, 2019, the Company adopted IFRS 16, which supersedes IAS 17- Leases (“IAS 17”). 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.

The Company is using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. IFRS 16 requires lessees to recognize a right of use of asset and a lease obligation at the lease commencement date. The Company has assessed its office lease agreement and concluded that agreement does not constitute the ability to direct the use (right to use) of the underlying office premises in the context of IFRS 16. As such, the adoption of the standard has not had an impact on these condensed interim consolidated financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments:

On January 1, 2019, the Company adopted IFRIC 23, which is new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments.

The Company is a junior mining exploration company and it currently does not generate any income tax liability. Therefore, the adoption of this standard did not have any significant impact on the Company’s condensed interim consolidated financial statements.

5. Short-term investments

Short-term investments include marketable securities received as a result of property option agreements. Marketable securities comprise common shares in publicly traded and private companies as follows:

	June 30, 2019			September 30, 2018		
	Number of shares	Cost	Fair market value	Number of shares	Cost	Fair market value
Arcus Development Group Inc.	29,000	\$ 11,020	\$ 1,160	29,000	\$ 11,020	\$ 1,160
Croesus Gold Corp. (Arizona Metals Corp.) ⁽¹⁾	7,300,000	730,000	1,581,674	3,000,000	300,000	650,000
Guerrero Exploration Inc.	1,926,000	343,049	-	1,926,000	343,049	-
E3 Metals Corp. ⁽²⁾	55,087	160,667	23,412	55,087	160,667	22,586
Sierra Madre Developments Inc. ⁽³⁾	1,250,322	1,103,791	68,768	12,503,218	1,103,791	-
Silver Viper Minerals Corp.	1,000,00	250,000	270,000	1,000,000	250,000	135,000
Sinaloa Resources Corp. ⁽⁴⁾	1,000,00	100,000	100,000	-	-	-
		\$ 2,698,527	\$ 2,045,014		\$ 2,168,527	\$ 808,746

⁽¹⁾ As at June 30, 2019, the Company had received an additional 4,300,000 shares from Croesus Gold Corp., (“Croesus”) a private company, as a result of certain provisions in the agreement with the Company. As a result, the company recognized \$931,674 in other income during the nine months ended June 30, 2019.

On August 1, 2019, Croesus completed its qualified transaction of a business combination with Ring the Bell Capital Corp. In connection with the transaction, Croesus changed its name to “Arizona Metals Corp.” and consolidated its common shares on the basis of two and a half (2.5) old shares for one (1) new share.

RIVERSIDE RESOURCES INC.

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Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

5. Short-term investments (continued)

- (2) E3 Metals Corp. was formerly named Savannah Gold Corp. and consolidated its common shares on the basis of five old shares for one new share on March 3, 2017.
- (3) The Company holds approximately 23.2% of the issued and outstanding shares of Sierra Madre Developments Inc. (“Sierra Madre”). The presumption that the Company has significant influence by holding 20% or more of the voting power through its common share holdings in Sierra Madre is overcome due to the fact that the Company has no representation on the board of directors, and is not involved in policy-making processes, there is no interchange of managerial personnel, and there is no provision of essential technical information. As a result, the investment is carried on the statement of financial position at fair value with changes in fair value recognized in the profit or loss. The common shares of Sierra Madre resumed trading on the NEX branch of the TSX-V on January 30, 2019, and it consolidated its common shares on the basis of ten old shares for one new share on February 15, 2019.
- (4) On February 20, 2019, the company received 1,000,000 shares of Sinaloa Resources Corp, for the fair market value of \$100,000, as per option agreement for La Silla property. Please refer to Note 9 (d) for additional details.

6. Receivables

Receivables mainly consist of tax refunds from the Federal Government of Canada and Mexico.

	June 30, 2019	September 30, 2018
GST recoverable amounts in Canada	\$ 14,894	\$ 13,381
IVA recoverable amounts in Mexico	408,234	448,039
Land taxes recovery in Mexico	23,194	23,459
Other receivable	10,500	-
	<u>\$ 456,822</u>	<u>\$ 484,879</u>

7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	June 30, 2019	September 30, 2018
Conferences and courses	\$ 55,704	\$ 32,631
Expense advances	77,050	44,955
Insurance	7,340	18,599
Rent	12,493	12,520
	<u>\$ 152,587</u>	<u>\$ 108,705</u>

RIVERSIDE RESOURCES INC.

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Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

8. Equipment

	Computer hardware	Exploration equipment	Furniture & fixtures	Vehicles	TOTAL
Cost					
Balance at September 30, 2017	\$ 85,955	\$ 126,357	\$ 34,121	\$ 128,399	\$ 374,832
Disposals	-	-	-	(16,649)	(16,649)
Foreign exchange movement	86	714	144	716	1,660
Balance at September 30, 2018	\$ 86,041	\$ 127,071	\$ 34,265	\$ 112,466	\$ 359,843
Additions	-	-	-	81,658	81,658
Disposals	-	-	-	(54,408)	(54,408)
Foreign exchange movement	(178)	(1,476)	(298)	(843)	(2,795)
Balance at June 30, 2019	\$ 85,863	\$ 125,595	\$ 33,967	\$ 138,873	\$ 384,298
Accumulated depreciation					
Balance at September 30, 2017	\$ (81,481)	\$ (92,839)	\$ (25,351)	\$ (89,057)	\$ (288,728)
Depreciation	(2,230)	(6,614)	(1,734)	(13,066)	(23,644)
Disposals	-	-	-	16,649	16,649
Foreign exchange movement	(92)	(668)	(134)	(775)	(1,669)
Balance at September 30, 2018	\$ (83,803)	\$ (100,121)	\$ (27,219)	\$ (86,249)	\$ (297,392)
Depreciation	(756)	(4,020)	(1,051)	(6,510)	(12,337)
Disposals	-	-	-	54,408	54,408
Foreign exchange movement	178	1,211	238	76	1,703
Balance at June 30, 2019	\$ (84,381)	\$ (102,930)	\$ (28,032)	\$ (38,275)	\$ (253,618)
Net book value					
Balance at September 30, 2018	\$ 2,238	\$ 26,950	\$ 7,046	\$ 26,217	\$ 62,451
Balance at June 30, 2019	\$ 1,482	\$ 22,665	\$ 5,935	\$ 100,598	\$ 130,680

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Notes to the Condensed Interim Consolidated Financial Statements for the nine months ended June 30, 2019

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets

For the period ended June 30, 2019

	Penoles Mexico	Tajitos Mexico	La Silla Mexico	Australia Mexico	Thor Mexico	Ariel Mexico	Cecilia Mexico	Teco Mexico	Suaqui Verde Mexico	Western Ontario Canada	Total
Acquisition costs	\$ 18,759	\$ 46,208	\$ 1,757	\$ 353	\$ 8,699	\$ 971	\$ 180,816	\$ 4,526	\$ 2,565	\$ 2,594	\$ 267,248
Exploration costs:											
Access	-	-	-	-	-	-	-	-	-	-	-
Assaying	2,306	-	-	2,110	-	-	16,491	-	-	-	20,907
Field & camp costs	7,682	9,429	4,028	35	-	895	6,540	2,370	1,260	841	33,080
Geological consulting	183,058	136,596	53,254	4,056	6,974	8,732	283,812	16,850	18,746	11,049	723,127
Transport & support	34,809	33,944	12,275	965	15,044	4,706	49,395	1,396	1,275	14,079	167,888
Total current exploration costs	227,855	179,969	69,557	7,166	22,018	14,333	356,238	20,616	21,281	25,969	945,002
Professional & other fees:											
Professional consulting	3,000	-	-	-	-	191	8,000	-	-	20,000	31,191
Legal fees	8,117	16,137	6,591	-	-	-	1,759	246	-	-	32,850
Others	-	6,069	-	-	-	-	5,725	-	-	-	11,794
Total current professional & other fees	11,117	22,206	6,591	-	-	191	15,484	246	-	20,000	75,835
Total costs incurred during the period	257,731	248,383	77,905	7,519	30,717	15,495	552,538	25,388	23,846	48,563	1,288,085
Balance, Opening	1,274,557	2,276,354	441,391	7,694	65,701	60,890	1,060,703	157,459	-	-	5,344,749
Recoveries	(141,213)	-	(135,000)	-	-	-	-	-	-	-	(276,213)
Write off	-	-	-	-	(96,062)	-	-	-	-	-	(96,062)
Foreign exchange movements	(48,304)	(23,223)	(2,563)	(3)	(356)	(440)	(4,877)	(2,176)	549	-	(81,393)
Balance, End of the period	\$ 1,342,771	\$ 2,501,514	\$ 381,733	\$ 15,210	\$ -	\$ 75,945	\$ 1,608,364	\$ 180,671	\$ 24,395	\$ 48,563	\$ 6,179,166
Cumulative costs:											
Acquisition	\$ 3,970,461	\$ 920,092	\$ 49,259	\$ 1,414	\$ 30,615	\$ 4,331	\$ 414,813	\$ 48,137	\$ 2,565	\$ 2,594	\$ 5,444,281
Exploration	1,864,987	1,477,025	448,742	13,728	54,885	60,698	930,403	107,928	21,281	25,969	5,005,646
Professional & other fees	695,534	288,635	46,133	-	7,237	10,519	135,584	1,770	-	20,000	1,205,412
Recoveries	(4,665,613)	-	(160,000)	-	-	-	-	-	-	-	(4,825,613)
Write-off	-	-	-	-	(96,062)	-	-	-	-	-	(96,062)
Foreign exchange movements	(522,598)	(184,238)	(2,401)	68	3,325	397	127,564	22,836	549	-	(554,498)
	\$ 1,342,771	\$ 2,501,514	\$ 381,733	\$ 15,210	\$ -	\$ 75,945	\$ 1,608,364	\$ 180,671	\$ 24,395	\$ 48,563	\$ 6,179,166

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9. Exploration and evaluation assets (cont'd...)

For the year ended September 30, 2018

	Penoles Mexico	Tajitos Mexico	Clemente Mexico	La Silla Mexico	Glor Mexico	Bacoachi Mexico	Australia Mexico	Thor Mexico	Ariel Mexico	Cecilia Mexico	Teco Mexico	Flute Canada	Lennac Canada	Total
Acquisition costs	\$ 116,048	\$ 65,614	\$ 38,258	\$ 17,507	\$ -	\$ 1,409	\$ 1,061	\$ 21,916	\$ 3,360	\$ 105,038	\$ 12,384	\$ -	\$ -	\$ 382,595
Exploration costs:														
Access	55	-	-	-	-	983	-	-	-	12,068	-	-	-	13,106
Assaying	-	-	-	2,943	-	-	-	-	-	-	-	-	-	2,943
Field & camp costs	13,187	7,780	100	28,913	-	3,124	-	-	1,159	10,498	2,553	-	-	67,314
Geological consulting	225,138	85,954	2,106	121,249	68,021	24,396	6,232	17,257	32,660	167,382	40,064	-	-	790,459
Transport & support	46,266	22,924	448	39,723	8,838	7,620	330	8,779	12,546	61,887	4,592	-	-	213,953
Total current exploration costs	284,646	116,658	2,654	192,828	76,859	36,123	6,562	26,036	46,365	251,835	47,209	-	-	1,087,775
Professional & other fees:														
Professional consulting	29,710	7,230	-	16,933	7,500	2,190	-	3,377	9,533	49,147	500	-	-	126,120
Legal fees	10,830	18,435	110	2,854	-	435	-	466	-	1,933	-	-	-	35,063
Others	1,012	747	-	585	34	-	-	299	795	1,561	-	-	-	5,033
Total current professional & other fees	41,552	26,412	110	20,372	7,534	2,625	-	4,142	10,328	52,641	500	-	-	166,216
Total costs incurred during the year	442,246	208,684	41,022	230,707	84,393	40,157	7,623	52,094	60,053	409,514	60,093	-	-	1,636,586
Balance, Opening	1,015,386	2,054,953	277,916	232,406	206,074	6,216	-	9,766	-	513,020	71,985	6,677	9,259	4,403,658
Recoveries	(205,363)	-	(87,663)	(25,000)	-	-	-	-	-	-	-	-	-	(318,026)
Write off	-	-	(225,403)	-	(290,810)	(45,830)	-	-	-	-	-	(6,677)	(9,259)	(577,979)
Foreign exchange movements	22,288	12,717	(5,872)	3,278	343	(543)	71	3,841	837	138,169	25,381	-	-	200,510
Balance, End of the year	\$ 1,274,557	\$ 2,276,354	\$ -	\$ 441,391	\$ -	\$ -	\$ 7,694	\$ 65,701	\$ 60,890	\$ 1,060,703	\$ 157,459	\$ -	\$ -	\$ 5,344,749
Cumulative costs:														
Acquisition	\$ 3,951,702	\$ 873,884	\$ 236,175	\$ 47,502	\$ 52,203	\$ 5,457	\$ 1,061	\$ 21,916	\$ 3,360	\$ 233,997	\$ 43,611	\$ -	\$ -	\$ 5,470,868
Exploration	1,637,132	1,297,056	369,824	379,185	188,086	38,336	6,562	32,867	46,365	574,165	87,312	4,300	7,507	4,668,697
Professional & other fees	684,417	266,429	143,010	39,542	49,774	2,625	-	7,237	10,328	120,100	1,524	2,377	1,752	1,329,115
Recoveries	(4,524,400)	-	(482,136)	(25,000)	-	-	-	-	-	-	-	-	-	(5,031,536)
Write-off	-	-	(225,403)	-	(290,810)	(45,830)	-	-	-	-	-	(6,677)	(9,259)	(577,979)
Foreign exchange movements	(474,294)	(161,015)	(41,470)	162	747	(588)	71	3,681	837	132,441	25,012	-	-	(514,416)
	\$ 1,274,557	\$ 2,276,354	\$ -	\$ 441,391	\$ -	\$ -	\$ 7,694	\$ 65,701	\$ 60,890	\$ 1,060,703	\$ 157,459	\$ -	\$ -	\$ 5,344,749

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9. Exploration and evaluation assets (cont'd...)

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Mexico, the United States, and Canada.

The terms and commitments of the Company with respect to its exploration and evaluation assets are subject to change if and when the Company and its partners mutually agree to new terms and conditions.

(a) Peñoles, Durango, Mexico

The Company owns 100% of the Peñoles Property, a gold-silver project, subject to a 2% NSR payable to the underlying concession holder.

During the nine months ended June 30, 2019, the Company received \$141,213 in cash as land taxes recovery from the Government in Mexico.

On December 18, 2017, the Company entered into an LOI for a potential option of the property and received a non-refundable deposit of US\$50,000. On January 15, 2018, the party elected not to proceed with the option.

(b) Tajitos, Sonora, Mexico

The Company has a 100% interest in the Tajitos Property, a gold project.

(c) Clemente, Sonora, Mexico

On December 2, 2016, the Company entered into an option agreement with Silver Viper Minerals Corp. ("Silver Viper") whereby Silver Viper could acquire a 100% interest in the Clemente Property, a silver-gold project, by paying \$796,500 in cash, issuing 2,000,000 common shares, and incurring exploration expenditures of \$4,000,000 over the next five years.

On February 2, 2018, the Company received \$37,663 in cash from Silver Viper for reimbursement of Clemente mining taxes from January to September 2018.

On August 24, 2018, Silver Viper provided the Company with notice that it had elected not to complete the \$4,000,000 in exploration expenditures required to earn a 100% interest in the Clemente Project, and as a result was terminating its option on the property.

Subsequent to the termination, the Company chose to write off the property and the historical capitalized costs of \$225,403.

(d) La Silla, Sinaloa, Mexico

In October 2015, the Company acquired two mining concessions in the La Silla gold-silver district in Sinaloa through a lottery process.

On May 30, 2018, the Company entered into an option agreement, signing a Definitive Agreement on January 30, 2019, with Sinaloa Resources Corp. ("Sinaloa") whereby Sinaloa could acquire a 70% interest in the La Silla Property, a silver-gold project, by paying \$60,000 in cash, issuing \$1,000,000 in common shares, and incurring exploration expenditures of \$2,000,000 over a three-year period as follows:

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9. Exploration and evaluation assets (cont'd...)

(d) La Silla, Sinaloa, Mexico (cont'd...)

Due Date	Cash	Common shares	Cumulative exploration expenditures
May 30, 2018 (signing of LOI)	\$ 25,000 (received) ⁽¹⁾	-	-
January 28, 2019	\$ 35,000 (received) ⁽²⁾	\$100,000(received) ⁽³⁾	-
January 28, 2020	-	\$100,000	\$ 300,000
January 28, 2021	-	\$100,000	\$ 1,000,000
January 28, 2022	-	\$700,000	\$ 2,000,000

⁽¹⁾ Option payments were received in June and July 2018.

⁽²⁾ Option payment was received on January 25, 2019.

⁽³⁾ 1,000,000 common shares were received on February 20, 2019.

To earn an additional 30%, Sinaloa must incur a further exploration expenditure of \$1,000,000 and issue common shares with a value of \$500,000. The Company will retain a 2.5% NSR on the project should Sinaloa complete 100% earn-in or the Company's interest dilutes to less than 10%.

(e) Glor, Sonora, Mexico

In April 2016, the Company assumed an option agreement with Argonaut Gold Inc. ("Argonaut") to acquire 100% interest in the Glor Gold Project subject to a 1.0% NSR to Argonaut by paying US\$100,000 in cash and US\$62,500 in cash or shares at the Company's election, and incurring US\$2,500,000 in exploration expenditures over a five-year period.

On July 25, 2016, the Company entered into an option agreement with Minera Centerra S.A. de C.V. ("Minera Centerra") whereby Minera Centerra can acquire a 70% interest in the Company's Glor Project by funding USD \$3,500,000 in aggregate exploration expenditures due by November 24, 2020.

On June 21, 2018, the Company and Minera Centerra decided not to continue with further exploration at the project. The Company has also terminated the underlying option agreement with Argonaut.

Subsequent to the termination, the Company chose to write off the property and the historical capitalized costs of \$290,810.

(f) Bacoachi, Sonora, Mexico

On July 22, 2016, the Company staked and acquired a 100% exploration concession interest in the Bacoachi Property. The Property is in northeastern Sonora, Mexico.

During the year ended September 30, 2018, the Company terminated the option with the underlying concession holder and has no further obligation with respect to the project. There were \$45,830 in historical capitalized costs associated with this project which were written off during the year ended September 30, 2018.

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9. Exploration and evaluation assets (cont'd...)

(g) Thor Project, Sonora, Mexico

Thor is a porphyry copper project, located in Sonora, Mexico. The Company acquired a 100% interest in the Thor Copper Project on June 1, 2017.

During the quarter ended June 30, 2019, the Company decided not to continue with further exploration at the project. Subsequent to the termination, the Company chose to write off the property and the historical capitalized costs of \$96,602.

(h) Ariel, Sonora, Mexico

The Ariel Property is a part of the Thor Copper Project. As a result, the Company gained a 100% exploration concession interest in the Ariel Property on June 1, 2017.

(i) Cecilia, Sonora, Mexico

In January 2017, the Company signed letter agreements with Gunpoint Exploration Ltd. ("Gunpoint") and Millrock Resources Inc. ("Millrock") to acquire three La Cecilia Margarita concessions owned by Gunpoint, and to acquire the Violeta concession owned by Millrock into a unified Cecilia Gold Project. The Company could acquire a 100% interest in the La Cecilia Margarita concessions from Gunpoint with the following terms:

Due Date	Cash	Common Shares
Upon signing of letter agreement (January 31, 2017)	\$ 10,000 (paid)	-
Upon signing of Mexican agreement (June 2017)	\$ 15,000 (paid)	100,000 (issued, fair value: \$46,000)
January 31, 2018	\$ 25,000 (paid)	200,000 (issued, fair value: \$54,000)
January 31, 2019	\$ 75,000 (paid)	300,000 (issued, fair value: \$51,000)
January 31, 2020	\$ 125,000	400,000

In addition to the payments made to Gunpoint above, the Company acquired a 100% interest in the Violeta concession from Millrock during the year ended September 30, 2017 by paying \$10,000 and issuing 100,000 common shares with a fair value of \$46,000 to Millrock upon completion of property title transfer, subject to 0.5% NSR.

(j) Teco, Sonora, Mexico

Teco Project is made up of two concessions: Teco and Suaqui Grande. The Company acquired a 100% interest in the Suaqui Grande concession on March 24, 2017.

(k) Australia, Sonora, Mexico

Australia Project is made up of two concessions: Sandy and Sandy 2. The Company acquired a 100% interest in the Sandy and Sandy 2 concessions on February 28, 2018 and October 12, 2018, respectively.

(l) Suaqui Verde, Suaqui Grande, Mexico

The Company acquired a 100% interest in Suaqui Verde Property on December 18, 2018.

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9. Exploration and evaluation assets (cont'd...)

(m) Palo Fierro, Sonora, Mexico

On May 15, 2019, the Company entered into an exploration financing agreement with BHP Exploration Chile SpA (“BHP”) for funding of generative exploration in the copper producing belt of Meixco (the “Program”). Per the agreement, BHP will fund US\$1,000,000 on an annual basis for a minimum of two years for generative grass-roots exploration within northeastern Sonora. As of June 30, 2019, the Company has received US\$1,000,000 as exploration advances for the generative exploration in the first year.

On June 5, 2019, the Company gained a 100% exploration concession interest in the Palo Fierro Property, a copper project, which is a part of the Program with BHP.

(n) Cuarentas, Sonora, Mexico

On June 26, 2019, the Company entered into a binding Letter Agreement with Millrock Resources Inc. (“Millrock”) to acquire a 100% undivided right, title, and interest in five projects, including Los Cuarentas, La Union, El Valle, LIano del Norgal and El Pima, at a purchase price of paying \$35,000 in cash and issuing 150,000 common shares for the projects and equipment.

On June 27, 2019, the Company made an advance payment of \$35,000 to Millrock for the purchase of equipment.

(o) Flute and Lennac Projects, British Columbia, Canada

The Company assumed the interest in the Flute and Lennac copper-gold Projects when the historical Strategic Exploration Alliance (“SEA”) with Antofagasta Minerals S.A. (“AMSA”) expired. No acquisition costs were capitalized as they were paid through the exploration alliance before the Company assumed the interest.

During the year ended September 30, 2018, the Company terminated the option with the underlying concession holder and has no further obligation with respect to the Flute and Lennac projects. There were \$15,936 in historical capitalized costs associated with these projects which have been written off during the year ended September 30, 2018.

(p) Western Ontario, Canada

On April 1, 2019, the Company acquired a 100% interest in the Oakes, Longnose and Vincent projects in western Ontario, Canada.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of payables to vendors and exploration advances from alliance partners. The breakdowns of accounts payable and accrued liabilities are as follows:

	June 30, 2019	September 30, 2018
Payables to vendors	\$ 106,182	\$ 126,731
Exploration advances	1,246,848	-
	<u>\$ 1,353,030</u>	<u>\$ 126,731</u>

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11. Capital stock and reserves

The authorized capital stock of the Company consists of an unlimited number of common and preferred voting shares without nominal or par value.

Issued and outstanding

Shares issued for the nine months ended June 30, 2019

- (a) On January 8, 2019, the Company issued 265,000 bonus shares at a fair value of \$47,700 to certain executive officers and consultants of the Company in accordance with the Company's shareholder approved bonus share plan.
- (b) On January 31, 2019, the Company issued 300,000 common shares with a fair value of \$51,000 to Gunpoint in accordance with the letter agreements for the Cecilia property (Note 9 (i)).
- (c) On March 19, 2019 the Company completed a private placement consisting of 17,488,875 units at a price of \$0.16 per unit for gross proceeds of \$2,798,220. As part of the financing, the Company issued 28,000 additional units as finder's fees with a fair value of \$1,611 recorded as share issuance cost. Each unit consisted of one common share and one whole common share purchase warrant. Each common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.22 per share. The term of the warrants is subject to an accelerated exercise provision.

Shares issued for the year ended September 30, 2018

- (a) On November 3, 2017, the Company issued 230,000 bonus shares at a fair value of \$64,400 to certain executive officers and consultants of the Company in accordance with the Company's shareholder approved bonus share plan.
- (b) On April 24, 2018, the Company issued 200,000 common shares with a fair value of \$54,000 to Gunpoint in accordance with the letter agreements for the Cecilia property (Note 9 (i)).

Share purchase and finders' warrants

	Number of warrants	Weighted average exercise price
Outstanding warrants, September 30, 2017	3,204,767	\$ 0.85
Issued	-	-
Outstanding warrants, September 30, 2018	3,204,767	\$ 0.85
Issued	17,516,875	0.22
Expired	(3,204,767)	0.85
Outstanding warrants, June 30, 2019	17,516,875	\$ 0.22

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

Expiry date (mm/dd/yyyy)	Number of warrants outstanding	Weighted average remaining life in years	Exercise price
03/19/2021	17,516,875	1.72	\$ 0.22
	17,516,875	1.72	\$ 0.22

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11. Capital stock and reserves (cont'd...)

Bonus share plan

The Company has a bonus share plan (“Bonus Plan”) that enables the directors to approve the issuance of bonus shares to employees, officers, directors and consultants of the Company. The existing Bonus Plan which was approved during the year ended September 30, 2018, replaces the preceding plan, and the number of bonus shares that may be issued under the Bonus Plan is 400,000 common shares. During the nine months ended June 30, 2019, 265,000 (September 31, 2018 - 230,000) bonus shares were issued under this plan.

Stock options

The Company has established a rolling stock option plan (“Option Plan”) enabling the directors to grant options to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Option Plan, provided that the total number of shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis) less that portion of the 400,000 that may be issued as bonus shares that have not been so issued as at the date of grant. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. All stock options issued are subject to vesting terms. Options issued to directors, vest in the amount of 33% every six months from the date of grant; and options issued to officers and/or consultants vest between 12 and 24 months depending on date of grant and nature of service. The exercise price of each option equals the market price, minimum price, or discounted market price of the Company’s shares as calculated on the date of grant.

Share-based payments relating to options vested during the nine months ended June 30, 2019, using the Black-Scholes option pricing model was \$82,912 (September 31, 2018 - \$147,958), which was recorded as reserves on the statements of financial position and as share-based payment expense in profit or loss. The associated share-based payment expense for the options granted during the year was calculated based on the following weighted average assumptions:

	2019	2018
Forfeiture rate	3.65%	2.96 %
Estimated risk-free rate	1.33 %	1.22 %
Expected volatility	82.34%	81.12%
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	5.00 years	5.00 years
Fair value per option granted	\$ 0.18	\$ 0.18

The number and weighted average exercise prices of the stock options are as follows:

	Number of options	Weighted average exercise price
Outstanding options, September 30, 2017	2,996,000	\$ 0.36
Forfeited	(30,000)	\$ 0.28
Exercised	(525,000)	\$ 0.65
Granted	760,000	\$ 0.28
Outstanding options, September 30, 2018	3,201,000	\$ 0.29
Forfeited	(140,500)	\$ 0.31
Granted	785,000	\$ 0.17
Outstanding options, June 30, 2019	3,845,500	\$ 0.26

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11. Capital stock and reserves (cont'd...)

Stock options (cont'd...)

During the year ended September 30, 2018, 525,000 stock options expired unexercised and 30,000 stock options forfeited.

During the nine months ended June 30, 2019, 140,500 stock options forfeited.

On January 8, 2019, the Company granted 785,000 incentive stock options (the "Options") to certain Directors, Officers and Consultants of the Company. The Options are exercisable at \$0.17 per share for a period of five years from the date of grant. Options granted to individuals in their capacity as a Director vest in three equal installments over 18 months and Options granted to Officers and Consultants vest in four equal installments over 12 months.

As at June 30, 2019, the Company has outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
11/14/2019	723,000	0.38	\$ 0.27	723,000
01/07/2021	707,500	1.53	\$ 0.15	707,500
12/16/2021	935,000	2.47	\$ 0.42	935,000
11/03/2022	695,000	3.35	\$ 0.28	695,000
01/08/2024	785,000	4.53	\$ 0.17	200,417
	3,845,500	2.48		3,260,917

12. Related party transactions

The Company entered into the following transactions with related parties:

Payee	Nature of transactions	Period ending June 30	Fees (\$)	Shares (\$)	Amount payable at period end (\$)
Arriva Management Inc.	Management and consulting fees (i)	2019	174,600	Nil	4,787
		2018	166,770	Nil	Nil
GSBC Financial Management Inc.	Management and consulting fees (i)	2019	72,000	Nil	131
		2018	72,000	Nil	Nil
Ronald Burk	Consulting fees (i)	2019	-	Nil	Nil
		2018	90,892	Nil	Nil
English Bay Capital	Consulting fees (i)	2019	11,250	Nil	Nil
		2018	22,750	Nil	Nil
Omni Resource Consulting Ltd.	Consulting fees (i)	2019	87,500	Nil	Nil
		2018	-	Nil	Nil
Brian Groves	Director fees	2019	9,000	Nil	Nil
		2018	9,000	Nil	Nil
James Clare	Director fees	2019	3,000	Nil	Nil
		2018	9,000	Nil	Nil
Carol Ellis	Director fees	2019	9,000	Nil	Nil
		2018	9,000	Nil	Nil
Walter Henry	Director fees	2019	9,000	Nil	Nil
		2018	9,000	Nil	Nil

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12. Related party transactions (continued)

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the nine months ended June 30, 2019 and 2018 are as follows:

	2019	2018
Directors' fees (ii)	\$ 30,000	\$ 36,000
Management and consulting fees (i)	345,350	352,412
Performance bonus shares	40,500	63,000
Share-based payments	<u>54,027</u>	<u>257,300</u>
	<u>\$ 466,877</u>	<u>\$ 708,712</u>

(i) Management and consulting fees of the key management personnel for the period were allocated as follows: \$81,000 (2018 - \$81,000) expensed to consulting fees, \$11,250 (2018 - \$22,750) expensed to investor relations, \$253,100 (2018 - \$248,662) capitalized to exploration and evaluation assets.

(ii) Starting from January 1, 2019, James Clare, one of the directors, elected not to receive the director fees from the Company, therefore, the director fees in F2019 is lower than in F2018.

13. Segmented information

The Company operates in one business segment, the exploration of exploration and evaluation assets and prospect generation. The Company's exploration activities are centralized whereby management of the Company is responsible for business results and the everyday decision-making. The Company's operations therefore are segmented on a geographic basis.

	June 30, 2019	September 30, 2018
Equipment		
Canada	\$ 8,056	\$ 9,969
Mexico	<u>122,624</u>	<u>52,482</u>
	<u>130,680</u>	<u>62,451</u>
Exploration and evaluation assets		
Canada	48,563	-
Mexico	<u>6,130,603</u>	<u>5,344,749</u>
	<u>6,179,166</u>	<u>5,344,749</u>
Total	<u>\$ 6,309,846</u>	<u>\$ 5,407,200</u>

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14. Supplemental disclosure with respect to cash flows

	June 30, 2019	September 30, 2018
Cash	\$ 3,367,575	\$ 956,263
Cash equivalents	788,203	1,103,815
	4,155,778	2,060,078

The significant non-cash transactions for the nine months ended June 30, 2019 were as follows:

- The Company issued 265,000 common shares at a value of \$47,700 to certain executive officers and consultants in accordance with the Company's bonus share plan. The amount was capitalized to exploration and evaluation assets.
- The Company issued 300,000 common shares valued at \$51,000 for the Cecilia Project (Note 9(i)).
- The Company received 1,000,000 Sinaloa Resources Corp.'s shares valued at \$100,000 as exploration and evaluation asset recoveries (Note 9 (d)).
- The company issued 28,000 finder's units issued with a fair value of \$1,611 as share issuance costs.

The significant non-cash transactions for the year ended September 30, 2018 were as follows:

- The Company issued 230,000 common shares at a value of \$64,400 to certain executive officers and consultants in accordance with the Company's bonus share plan. The amount was capitalized to exploration and evaluation assets.
- Included in accounts payable was \$788 in exploration and evaluation asset expenditures.
- The Company issued 200,000 common shares valued at \$54,000 for the Cecilia Project (Note 9(i)).

15. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There were no changes in the Company's approach to capital management during the nine months ended June 30, 2019. The Company is not currently subject to externally imposed capital requirements.

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16. Financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash and cash equivalents and short-term investments, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents are held with major financial institutions in Canada and Mexico which management believes the risk of loss to be remote. Receivables consist of tax refunds from the Federal Government of Canada and Mexico, in which regular collection occurs, and land tax recovery. The Company believes its credit risk is equal to the carrying value of this balance.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had cash and cash equivalents of \$4,155,778 to settle current liabilities of \$1,353,030. The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has interest-bearing cash balances. The interest earned on cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of June 30, 2019, the Company had investments in short-term deposit certificates of \$677,350.

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16. Financial instruments (cont'd...)

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company currently maintains short-term investments, which include marketable securities (Note 5). There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, and accounts payable and accrued liabilities that are denominated in US dollars (US) and Mexican pesos.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso. A simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect loss for the period by \$272,387.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 15% fluctuation in share prices would affect short-term investments and profit or loss for the year by approximately \$54,501.

17. Contingency

During the nine months ended June 30, 2019, the Company initiated a lawsuit against the Government of Mexico, regarding an assessment made by the Mexican tax authorities that deemed funds provided by the Company to its wholly-owned subsidiary Riverside Resources Mexico S.A. de C.V. in fiscal 2010 to be income. The position of the Mexican tax authority is that there are income taxes and value added taxes payable as a result of those advance in that year. The Company believes this position is completely without merit. The Company has not accrued any amount associated with the position of the Mexican tax authority as the outcome of the lawsuit has yet to be determined and it is unclear what the tax payable position would be, if any, in the event the proceedings are not concluded in the Company's favor.