

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Nine Months ended June 30, 2021 and 2020

(Unaudited- Prepared by Management)

RIVERSIDE RESOURCES INC.

Index to Condensed Interim Consolidated Financial Statements

June 30, 2021

	Page
NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	3
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	
Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Income and Comprehensive Income	5
Condensed Interim Consolidated Statements of Cash Flows	6
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	7
Notes to the Condensed Interim Consolidated Financial Statements	8-30

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, 2021 have not been reviewed by the Company's auditors.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Consolidated Statements of Financial Position as at June 30, 2021

(Unaudited- Expressed in Canadian Dollars)

	Note	June 30, 2021	September 30, 2020
Assets			
Current assets:			
Cash and cash equivalents	15	\$ 4,065,526	\$ 4,588,578
Short-term investments	5	2,252,323	1,463,312
Share subscription receivable	12	-	13,750
Receivables	6	1,071,401	596,452
Prepaid expenses	7	114,305	109,672
		<u>7,503,555</u>	<u>6,771,764</u>
Equipment	8	252,928	232,011
Exploration and evaluation assets	9	5,815,635	5,217,947
		<u>\$ 13,572,118</u>	<u>\$ 12,221,722</u>

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 836,820	\$ 1,635,890
Provision liability	18	1,024,225	990,184
		<u>1,861,045</u>	<u>2,626,074</u>
Government loan	11	-	31,970
		<u>1,861,045</u>	<u>2,658,044</u>
Shareholders' equity:			
Capital stock	12	25,468,861	24,961,986
Reserves	12	3,649,725	3,458,788
Deficit		(15,160,057)	(16,596,443)
Accumulated other comprehensive loss		(2,247,456)	(2,260,653)
		<u>11,711,073</u>	<u>9,563,678</u>
		<u>\$ 13,572,118</u>	<u>\$ 12,221,722</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 19)

On behalf of the Board on August 30, 2021

“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 Month Ended June 30, 2021	3 Month Ended June 30, 2020	9 Month Ended June 30, 2021	9 Month Ended June 30, 2020
Expenses					
Management and consulting fees (recovery)	9, 13	\$ 25,369	\$ 86,540	\$ (1,783)	\$ 215,633
Depreciation	8	20,259	11,339	57,370	39,055
Director fees	13	9,000	9,000	27,000	27,000
Foreign exchange (gain) loss		27,979	57,526	148,675	(55,241)
General and administration		30,636	64,938	79,929	156,558
Interest recovery	11	(3,602)	-	(1,970)	-
Investor relations	13	61,207	82,223	203,546	219,248
Professional fees		33,819	41,059	108,602	288,130
Property investigation and evaluation		833	97,775	3,646	100,076
Rent		20,315	20,315	60,946	59,979
Share-based payments	12,13	39,471	30,167	251,602	121,069
Finance income		(4,938)	(1,652)	(11,149)	(37,055)
Other income	5, 13	(50,983)	(11,077)	(114,854)	(49,634)
Unrealized loss (gain) on short-term investments	5	(1,030,820)	(561,520)	(1,075,934)	(1,552,258)
Realized loss (gain) on short-term investments	5	-	(210,820)	(1,172,012)	174,294
Net income for the period		821,455	281,187	1,436,386	293,146
Foreign exchange movements		71,196	(128,093)	13,197	(970,706)
Comprehensive income (loss) for the period		892,651	156,094	1,449,583	(677,560)
Income (Loss) per share – basic and diluted		\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01
Weighted average number of common shares outstanding – basic and diluted		66,131,68	63,104,924	65,252,511	62,972,336

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	2021	2020
OPERATING ACTIVITIES			
Income for the period		\$ 1,436,386	\$ 293,146
Items not involving cash:			
Depreciation	8	57,370	39,055
Share-based payments	12,13	251,602	121,069
Realized (gain) loss on short-term investments	5	(1,172,012)	174,924
Unrealized (gain) loss on short-term investments	5	(1,075,934)	(1,552,258)
Other income	5,13	114,854	(49,634)
Accrued interest on government loan	11	(1,970)	-
Change in non-cash working capital items:			
Prepaid expenses		(4,633)	(14,264)
Receivables		(576,053)	(9,599)
Accounts payable and accrued liabilities		(166,279)	343,180
		(1,136,669)	(655,011)
INVESTING ACTIVITIES			
Exploration advances – accounts payable and accrued liabilities		(453,498)	389,417
Exploration and evaluation assets		(404,734)	(710,100)
Purchase of equipment	8	(65,823)	(75,120)
Repayment of loan payable	11	(30,000)	-
Sale (Purchase) of short-term investments	5	1,458,934	1,234,207
		504,879	838,404
FINANING ACTIVITIES			
Proceeds from the exercise of warrants	12	366,285	-
Proceeds from the exercise of options	12	79,925	-
Share subscriptions received in advance	12	-	340,900
		446,210	340,900
Effect of foreign exchange on cash and cash equivalents		(337,472)	(261,218)
Increase (decrease) in cash and cash equivalents		(523,052)	263,075
Cash and cash equivalents, beginning of the period		4,588,578	3,443,996
Cash and cash equivalents, end of the period		\$ 4,065,526	\$ 3,707,071

Supplemental disclosures with respect to cash flows (Note 15)

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		Share subscription s received in advance	Reserves	Deficit	Accumulated other comprehensive loss	Total
	Note	Shares	Amount					
Balance at September 30, 2019		62,841,188	\$ 27,344,879	\$ -	\$ 3,292,422	\$ (19,227,987)	\$ (1,346,728)	\$ 10,062,586
Issued for:								
Share issued for mineral property	9,12	400,000	56,000	-	-	-	-	56,000
Share subscription received in advance	12			340,900	-	-	-	340,900
Share-based payments	12	-	-	-	121,069	-	-	121,069
Income for the period		-	-	-	-	293,146	-	293,146
Foreign exchange movements		-	-	-	-	-	(970,706)	(970,706)
Balance at June 30, 2020		63,241,188	27,400,879	340,900	3,413,491	(18,934,841)	(2,317,434)	9,902,995
Balance at September 30, 2020		68,127,131	24,961,986	-	3,458,788	(16,596,443)	(2,260,653)	9,563,678
Issued for:								
Exercise of warrants	12	2,173,000	366,285	-	-	-	-	366,285
Exercise of options	12	717,500	140,590	-	(60,665)	-	-	79,925
Share-based payments	12	-	-	-	251,602	-	-	251,602
Income for the period		-	-	-	-	1,436,386	-	1,436,386
Foreign exchange movements		-	-	-	-	-	13,197	13,197
Balance at June 30, 2021		71,017,631	\$ 25,468,861	\$ -	\$ 3,649,725	\$ (15,160,057)	\$ (2,247,456)	\$ 11,711,073

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, 2021

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Riverside Resources Inc. (the "Company" or "Riverside") is a mineral exploration and evaluation company operating as a prospect generator listed on the TSX Venture Exchange (the "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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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.

2. Plan of Arrangement

On October 30, 2019, the Company incorporated a new subsidiary, Capitan Mining Inc. ("Capitan") and Rios DE Suerte S.A de C.V., another new subsidiary was incorporated on November 29, 2019 in order to facilitate a plan of arrangement ("Arrangement") whereby the Company's 100% interest in the Peñoles Project was spun out to Capitan.

On August 14, 2020, the Company transferred its 100% interest in the Peñoles Project and completed the Arrangement to spin out the shares of Capitan to the shareholders of Riverside. Pursuant to the Arrangement, holders of common shares of Riverside on August 13, 2020 received one new common share of Riverside (each, a "Riverside Share") and 0.2594 of a Capitan share (each, a "Capitan Share") for each common share held.

The carrying value of the net assets transferred to Capitan, pursuant to the Arrangement, consisted of the following assets:

Assets	\$
Carrying value of exploration and evaluation assets	1,082,717
Fair value of net assets transferred	3,500,000
Gain on transfer of spin-out assets	2,417,283

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the transfer of net assets to Riverside shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the consolidated statement of comprehensive income (loss). The fair value of net assets transferred was based on the expected market value of a Capitan share of \$0.20 per share as per private placement completed on August 24, 2020.

The Arrangement resulted in a reduction of share capital amounting to \$3,500,000.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

2. Plan of Arrangement (continued)

Under the terms of the Arrangement, each issued and outstanding Riverside option has been adjusted for the assets spun-out. The exercise prices of the Riverside replacement stock options were adjusted based on the proportional market value of the two companies after completion of the Arrangement. See Note 12.

3. Basis of presentation and Statement of compliance

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.

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”.

4. Significant accounting policies

(a) Principles of consolidation

These 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 Accounting Policies Adopted

The following accounting standards were adopted by the Company effective October 1, 2019:

IFRS 16 - Leases (new; replaces IAS 17)

On October 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.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

New Accounting Policies Adopted (continued)

IFRS 16 - Leases (new; replaces IAS 17) (continued)

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 monthly office rent payments and concluded that it does not meet the definition of a lease in the context of IFRS 16. As such, the adoption of the standard did not have an impact on the Company's consolidated financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments

On October 1, 2019, the Company adopted IFRIC 23, which is a 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 adoption of this standard did not have a significant impact on the Company's 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, 2021			September 30, 2020		
	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	\$ 870
Arizona Metals Corp. ⁽¹⁾	400,000	106,302	1,980,000	1,500,000	398,632	990,000
Guerrero Exploration Inc.	1,926,000	343,049	-	1,926,000	343,049	-
Carlyle Commodities Corp. ⁽²⁾	1,500,000	450,000	142,500	1,500,000	450,000	270,000
Goldshore Resources Inc. (formerly Sierra Madre Developments Inc.) ⁽³⁾	104,194	1,103,791	83,355	1,250,322	1,103,791	162,542
Sinaloa Resources Corp. ⁽⁴⁾	1,000,000	100,000	-	1,000,000	100,000	-
First Helium Inc. ⁽⁵⁾	154,500	45,308	45,308	77,250	39,900	39,900
Upper Canada Mining Inc. ⁽⁶⁾	600,000	-	-	600,000	-	-
		\$ 2,159,470	\$ 2,252,323		\$ 2,446,392	\$ 1,463,312

⁽¹⁾ During the year ended September 30, 2020, the Company sold 5,800,000 shares for net proceeds of \$1,543,309.

During the period ended June 30, 2021, the Company sold 1,100,000 shares for net proceeds of \$1,464,342.

⁽²⁾ On July 13, 2020, the Company received 1,500,000 shares of Carlyle Commodities Corp. with a fair market value of \$450,000, as per the option agreement for the Cecilia property. Please refer to Note 9 (e) for additional details.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

5. Short-term investments (continued)

- (3) On June 4, 2021, Sierra Madre Development Inc. changed its name to Goldshore Resources Inc. and began trading on the TSX_V under the symbol GSHR.

Prior to the period ended June 30, 2021, Goldshore Resources Inc. completed a 2:1 share consolidation and completed a 6:1 share consolidation during the period ended June 30, 2021. These shares been retroactively restated in the table above.

- (4) On February 20, 2019, the Company received 1,000,000 shares of Sinaloa Resources Corp. (“Sinaloa”) with a fair market value of \$100,000, as per the option agreement for the La Silla property. As at June 30, 2021, the fair market value of the shares was determined to be \$nil based on the current status of Sinaloa’s financial position. Please refer to Note 9 (c) for additional details.

- (5) On November 30, 2019, the Company received 300,000 pre-consolidated shares of First Helium Inc. to settle \$21,000 in debt. Please refer to Note 13 (iii) & Note 15 (a) for additional details. On September 8, 2020, the Company acquired an additional 472,500 pre-consolidated shares of First Helium Inc. at \$0.04 per share by paying cash of \$18,900. On November 9, 2020, the Company acquired the additional 772,500 pre-consolidated shares of First Helium Inc. at \$0.007 per share by paying cash of \$5,408.

First Helium Inc. completed a 10:1 share consolidation on November 27, 2020. These shares been retroactively restated in the table above.

On July 12, 2021, Firs Helium Inc. completed its listing and began trading on the TSX_V under the symbol HELI.

- (6) On September 11, 2020, the Company received 600,000 shares of Upper Canada Mining Inc. (“Upper Canada”) with a fair market value of \$nil, as per the Letter of Intent for the La Silla property. Please refer to Note 9 (c) for additional details.

6. Receivables

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

	June 30, 2021	September 30, 2020
GST recoverable amounts in Canada	\$ 15,698	\$ 8,713
IVA recoverable amounts in Mexico	968,822	565,165
Land taxes recovery in Mexico	21,177	20,474
Other receivable	65,704*	2,100
	<u>\$ 1,071,401</u>	<u>\$ 596,452</u>

*at of June 30, 2021, the Company recognized \$65,704 as other receivable in connection with the potential sales of Oakes, Pichette and Longrose projects in northwestern Ontario with Imetal Resources Inc. for the exploration expenditures reimbursement from February to June 2021.

7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	June 30, 2021	September 30, 2020
Conferences and courses	\$ 14,193	\$ 10,662
Expense advances	72,476	64,201
Insurance	16,795	23,980
Rent	10,841	10,829
	<u>\$ 114,305</u>	<u>\$ 109,672</u>

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

8. Equipment

	Computer hardware	Exploration equipment	Furniture & fixtures	Vehicles	TOTAL
Cost					
Balance at September 30, 2019	\$ 103,031	\$ 123,828	\$ 33,611	\$ 173,019	\$ 433,489
Additions	769	91,107	-	37,964	129,840
Foreign exchange movement	(14,995)	(9,413)	(2,258)	(17,919)	(44,585)
Balance at September 30, 2020	\$ 88,805	\$ 205,522	\$ 31,353	\$ 193,064	\$ 518,744
Additions	-	-	-	65,823	65,823
Foreign exchange movement	559	6,550	677	6,812	14,598
Balance at June 30, 2021	\$ 89,364	\$ 212,072	\$ 32,030	\$ 265,699	\$ 599,165
Accumulated depreciation					
Balance at September 30, 2019	\$ (85,072)	\$ (102,766)	\$ (28,086)	\$ (44,315)	\$ (260,239)
Depreciation	(7,837)	(9,612)	(1,069)	(40,454)	(58,972)
Foreign exchange movement	13,614	10,005	1,913	6,946	32,478
Balance at September 30, 2020	\$ (79,295)	\$ (102,373)	\$ (27,242)	\$ (77,823)	\$ (286,733)
Depreciation	(3,317)	(16,009)	(633)	(37,411)	(57,370)
Foreign exchange movement	(251)	(3,104)	(583)	1,804	(2,134)
Balance at June 30, 2021	\$ (82,863)	\$ (121,486)	\$ (28,458)	\$ (113,430)	\$ (346,237)
Net book value					
Balance at September 30, 2020	\$ 9,510	\$ 103,149	\$ 4,111	\$ 115,241	\$ 232,011
Balance at June 30, 2021	\$ 6,501	\$ 90,586	\$ 3,572	\$ 152,269	\$ 252,928

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets

For the period ended June 30, 2021

	Tajitos Mexico	La Silla Mexico	Australia Mexico	Ariel Mexico	Cecilia Mexico	Teco Mexico	Suaqui Verde Mexico	Los Cuarentas Mexico	El Valle, Llano del Nogalo & El Pima Mexico	Northwestern Ontario Canada	Total	
Acquisition costs	\$ 40,241	\$ 3,345	\$ 457	\$ 1,941	\$ -	\$ 6,343	\$ 489	\$ 55,442	\$ 7,103	\$ 1,238	\$ 506	\$ 117,105
Exploration costs:												
Assaying	-	946	-	-	-	-	-	-	-	-	3,467	4,413
Drilling	-	-	-	-	-	-	-	21,757	-	-	-	21,757
Field & camp costs	20,004	9,916	3,566	4,105	-	6,574	-	-	-	-	1,226	45,391
Geological consulting	13,467	27,895	312	4,524	-	6,237	-	94	1,000	-	-	74,240
Transport & support	17,422	13,289	-	2,553	-	3,706	165	507	-	-	-	43,949
Total current exploration costs	50,893	52,046	3,878	11,182	-	16,517	165	22,358	1,000	-	-	122,882
Professional & other fees:												
Professional consulting	-	15,273	-	1,000	-	9,000	-	2,440	-	-	-	43,327
Legal fees	26,688	300	-	-	658	-	-	-	-	-	-	27,646
Others	1,185	-	-	-	-	-	-	-	-	-	-	1,185
Total current professional & other fees	27,873	15,573	-	1,000	658	9,000	-	2,440	-	-	-	99,871
Total costs incurred during the period	119,007	70,964	4,335	14,123	658	31,860	654	80,240	8,103	1,238	-	497,897
Balance, Opening	2,460,312	438,112	33,405	95,192	1,305,696	193,987	23,864	100,264	47,271	2,354	-	5,217,947
Asset write-off	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange movements	59,715	7,546	1,014	1,080	18,602	5,870	816	3,904	1,176	68	-	99,791
Balance, End of the period	\$ 2,639,034	\$ 516,622	\$ 38,754	\$ 110,395	\$ 1,324,956	\$ 231,717	\$ 25,334	\$ 184,408	\$ 56,550	\$ 3,660	\$ 684,205	\$ 5,815,635
Cumulative costs:												
Acquisition	\$ 1,070,746	\$ 59,851	\$ 3,112	\$ 11,176	\$ 624,814	\$ 73,859	\$ 4,383	\$ 205,675	\$ 24,093	\$ 3,188	\$ 67,403	\$ 2,148,300
Exploration	1,582,570	544,669	24,950	84,259	975,879	137,609	22,727	94,529	32,047	180	-	3,930,288
Professional & other fees	340,803	101,012	13,450	17,816	149,777	14,124	-	17,629	3,430	490	-	844,464
Recoveries	-	(164,000)	-	-	(500,000)	-	-	(122,519)	-	-	-	(786,519)
Foreign exchange movements	(355,085)	(24,910)	(2,758)	(2,856)	74,486	6,125	(1,776)	(10,906)	(3,020)	(198)	-	(320,898)
	\$ 2,639,034	\$ 516,622	\$ 38,754	\$ 110,395	\$ 1,324,956	\$ 231,717	\$ 25,334	\$ 184,408	\$ 56,550	\$ 3,660	\$ 684,205	\$ 5,815,635

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

For the year ended September 30, 2020

	Penoles Mexico	Tajitos Mexico	La Silla Mexico	Australia Mexico	Ariel Mexico	Cecilia Mexico	Teco Mexico	Suaqui Verde Mexico	Los Cuarentas Mexico	El Valle, Llano del Nogalo & El Pima Mexico		Northwestern Ontario Canada	Total
Acquisition costs	\$ 33,799	\$ 75,354	\$ 5,572	\$ 928	\$ 3,944	\$ 197,746	\$ 12,890	\$ 994	\$ 91,156	\$ 16,990	\$ 1,950	\$ 63,356	\$ 504,679
Exploration costs:													
Assaying	408	-	-	-	-	-	-	-	3,099	-	-	3,869	7,376
Field & camp costs	12,395	13,451	3,497	4,034	773	327	6,280	1,281	2,189	7,667	-	7,557	59,451
Geological consulting	149,646	19,123	15,738	384	4,804	18,063	4,852	-	41,282	7,968	47	123,892	385,799
Transport & support	35,688	13,162	3,262	2,926	2,561	5,817	2,060	-	15,731	10,690	133	87,624	179,654
Total current exploration costs	198,137	45,736	22,497	7,344	8,138	24,207	13,192	1,281	62,301	26,325	180	222,942	632,280
Professional & other fees:													
Professional consulting	9,000	1,000	24,000	1,541	5,000	7,000	1,000	-	-	-	-	87,500	136,041
Legal fees	5,168	13,661	9,306	11,909	-	2,712	109	-	14,793	-	490	-	58,148
Others	(102,608)	4,228	-	-	1,297	140	2,245	-	396	3,026	-	5,106	(86,170)
Total current professional & other fees	(88,440)	18,889	33,306	13,450	6,297	9,852	3,354	-	15,189	3,026	490	92,606	108,019
Total costs incurred during the year	143,496	139,979	61,375	21,722	18,379	231,805	29,436	2,275	168,646	46,341	2,620	378,904	1,244,978
Balance, Opening	1,360,583	2,520,813	402,843	15,316	80,615	1,636,094	184,406	24,334	68,270	5,079	-	138,586	6,436,939
Recoveries	-	-	-	-	-	(500,000)	-	-	(122,519)	-	-	-	(622,519)
Transferred to Capitan	(1,082,717)	-	-	-	-	-	-	-	-	-	-	-	(1,082,717)
Foreign exchange movements	(421,362)	(200,480)	(26,106)	(3,633)	(3,802)	(62,203)	(19,855)	(2,745)	(14,133)	(4,149)	(266)	-	(758,734)
Balance, End of the year	\$ -	\$ 2,460,312	\$ 438,112	\$ 33,405	\$ 95,192	\$ 1,305,696	\$ 193,987	\$ 23,864	\$ 100,264	\$ 47,271	\$ 2,354	\$ 517,490	\$ 5,217,947
Cumulative costs:													
Acquisition	\$ 4,014,438	\$ 1,030,505	\$ 56,506	\$ 2,655	\$ 9,235	\$ 624,814	\$ 67,516	\$ 3,894	\$ 150,233	\$ 16,990	\$ 1,950	\$ 66,897	\$ 6,045,633
Exploration	2,124,319	1,531,677	492,623	21,072	73,077	975,879	121,092	22,562	72,171	31,047	180	307,987	5,773,686
Professional & other fees	612,406	312,930	85,439	13,450	16,816	149,119	5,124	-	15,189	3,430	490	142,606	1,356,999
Recoveries	(4,665,613)	-	(164,000)	-	-	(500,000)	-	-	(122,519)	-	-	-	(5,452,132)
Transferred to Capitan	(1,082,717)	-	-	-	-	-	-	-	-	-	-	-	(1,082,717)
Foreign exchange movements	(1,002,833)	(414,800)	(32,456)	(3,772)	(3,936)	55,884	255	(2,592)	(14,810)	(4,196)	(266)	-	(1,423,522)
	\$ -	\$ 2,460,312	\$ 438,112	\$ 33,405	\$ 95,192	\$ 1,305,696	\$ 193,987	\$ 23,864	\$ 100,264	\$ 47,271	\$ 2,354	\$ 517,490	\$ 5,217,947

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

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

During the year ended September 30, 2020, the Company received \$nil (2019 - \$141,213) in cash as land taxes recovery from the Government in Mexico.

On August 14, 2020, the Company completed the Arrangement and transferred its 100% interest of the gold-silver resource at the Peñoles Project to Capitan as previously mentioned in Note 2. In connection with the Arrangement, the Company recognized a gain on spin-out of Peñoles Project of \$2,417,283 in consideration for 17,500,000 common shares of Capitan with a value of \$3,500,000. There were \$1,082,717 historical capitalized costs associated with this project transferred to Capitan.

(b) Tajitos, Sonora, Mexico

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

(c) 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 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:

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 ⁽⁴⁾	-	\$100,000	\$ 300,000
January 28, 2021	-	\$100,000	\$ 1,000,000
January 28, 2022	-	\$700,000	\$ 2,000,000

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(c) La Silla, Sinaloa, Mexico (continued)

(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.

(4) Option agreement was terminated during the year ended September 30, 2020, please see below paragraph for further details.

The Company did not receive the \$100,000 payment in common shares that were due on January 28, 2020 from Sinaloa. Furthermore, Sinaloa did not incur the \$300,000 in exploration expenditures due on January 28, 2020. During the year ended September 30, 2020, the Company terminated the option agreement with Sinaloa and therefore, Sinaloa has no further obligation with respect to the project.

On September 11, 2020, the Company entered into a Letter of Intent (“LOI”) with Upper Canada Mining Inc. (“Upper Canada”) and received 600,000 shares of Upper Canada whereby Upper Canada could acquire up to a 100% interest in the La Silla Property. The shares received from Upper Canada had a fair market value of \$nil.

On December 9, 2020, the Company entered into an option agreement, signing a Definitive Agreement with Upper Canada Inc. whereby Upper Canada could acquire up to a 100% undivided interests in the La Silla Property, a silver-gold project, by paying \$500,000 in cash, issuing 10,600,000 common shares and incurring exploration expenditures of \$20,000,000 over a four-year period as follows:

Due Date	Cash	Common shares	Exploration expenditures	Percentage earned
September 11, 2020 (signing of LOI)		600,000 (received)	-	-
December 9, 2020	*\$50,000	5,000,000(received)	-	-
March 9, 2021	\$50,000	2,500,000	-	-
June 9, 2021	\$75,000	2,500,000	-	-
December 9, 2021	\$150,000	-	\$5,000,000	51%
December 9, 2022	\$100,000	-	\$2,500,000	60%
December 9, 2023	\$50,000	-	\$7,500,000	-
December 9, 2024	\$25,000	-	\$5,000,000	100%

*As of December 31, 2020, the Company did not receive the \$50,000 cash payment that was due on December 9, 2020 from Upper Canada. On February 4, 2021, the Company terminated the option agreement with Upper Canada and therefore, Upper Canada has no further obligation with respect to the project.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(d) Ariel, Sonora, Mexico

The Company acquired a 100% exploration concession interest in the Ariel Property on June 1, 2017.

(e) 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 (paid)	400,000 (issued, fair value: \$56,000)

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.

On July 15, 2020, the Company entered into an Definitive Option Agreement with Carlyle Commodities Corp. (“Carlyle”) whereby Carlyle could acquire a 100% interest in the Cecilia Property, a silver-gold project, by paying \$200,000 in cash, issuing 1,500,000 common shares and 3,000,000 special warrants, and incurring exploration expenditures of \$2,500,000 over a three-year period as per below, while retaining a 2.5% NSR.

Due date	Cash	Common shares	Special warrants	Exploration expenditures
June 23, 2020 (signing of LOI)	\$10,000 (received) ⁽¹⁾	-	-	-
July 15, 2020	\$40,000 (received) ⁽²⁾	1,500,000 (received) ⁽³⁾	3,000,000 (received) ⁽³⁾	-
July 15, 2021	\$50,000 (received) ⁽⁴⁾	-	-	\$ 750,000
July 15, 2022	\$50,000	-	-	\$ 500,000
July 15, 2023	\$50,000	-	-	\$ 1,250,000

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(e) Cecilia, Sonora, Mexico (continued)

⁽¹⁾ Option payments were received on June 23, 2020

⁽²⁾ Option payment was received on July 16, 2020

⁽³⁾ 1,500,000 common shares and 3,000,000 special warrants were received on July 13, 2020. The special warrants are subject to the following vesting schedule: 500,000 vested 12 months after issuance, 500,000 vested 18 months after issuance, 500,000 vested 24 months after issuance, 500,000 vested 30 months after issuance, and 1,000,000 vested 36 months after issuance. Unless the option agreement expires or is terminated, the special warrants will be converted to common shares in Carlyle with no additional consideration. Upon expiration or termination of the option agreement, any unvested special warrants are terminated. On July 13, 2021, 500,000 special warrants are vested and exercisable immediately, with a fair market value of \$47,500.

⁽⁴⁾ Option payment was received on July 12, 2021

On August 17, 2020, the Company received \$150,000 as exploration advance from Carlyle for generative exploration during the period from July 15 to September 30, 2020. As of September 30, 2020, the Company had spent the overall \$150,000 for the generative exploration program.

During the period ended June 30, 2021, the Company received \$600,000 in total as exploration advance from Carlyle for generative exploration in 2021. As of June 30, 2021, the Company had spent the overall \$600,000 for the generative exploration program.

During the nine months ended June 30, 2021, the Company recognized and received \$49,729 as the operational fee which was recorded as management fee recovery.

(f) 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.

(g) 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.

(h) Suaqui Verde, Suaqui Grande, Mexico

The Company acquired a 100% interest in Suaqui Verde Property on October 12, 2018.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(i) 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 Mexico (the “Program”). Per the agreement, BHP would fund US\$1,000,000 on an annual basis for a minimum of two years for generative grass-roots exploration within northeastern Sonora. On May 29, 2019, the Company received US\$1,000,000 as exploration advances for the generative exploration in the first year. During the year ended September 30, 2020, the Company had spent the US\$1,000,000 for 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.

On January 29, 2020, the Company received US\$195,000 as exploration advances for the refinement exploration from January to March 2020. During the year ended September 30, 2020, the Company had completed and spent the US\$195,000 for the refinement exploration program.

On June 12, 2020, the Company received US\$720,000 as the first part of exploration advances for the generative exploration during the period from July to December 2020 in the second year. As of December 30, 2020, the Company had spent the \$720,000 for the first part of generative exploration in the second year.

On September 2, 2020, the Company received US\$134,635 as exploration advance for the additional gravity survey project under the first High Value Work Program (“HVWP”) for the exploration expenditures incurred from September to November 2020. As of November 30, 2020, the Company had completed and spent the US\$134,635 for the gravity survey project.

On December 16, 2020, the Company received US\$340,855 as exploration advance for the additional MT survey project under the second HVWP for the exploration expenditures incurred from December 2020 to March 2021. As of March 31, 2021, the Company had completed and spent the US\$340,855 for the MT survey project.

On April 8, 2021, the Company received US\$546,708 as the second part of exploration advances for the generative exploration during the period from January 1 to May 15, 2021 in the second year. As of May 15, 2021, the Company had spent the US\$546,708 for the second part of generative exploration in the second year.

On July 16, 2021, the Company received US\$650,747 as the first part of exploration advances for the generative exploration during the period from May 15 to October 31, 2021 in the third year.

On August 10, 2021, the Company received US\$536,665 as exploration advance for the additional Penitas project under the third HVWP and received US\$926,609 as exploration advance for the additional Sinoquipe project under the fourth HVWP for the exploration expenditures incurred from June to December 2021.

During the nine months ended June 30, 2021, the Company recognized and received \$178,274 as the operational fee which was recorded as management fee recovery.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(j) Los Cuarentas, Sonora, Mexico

On June 24, 2019, the Company entered into a binding letter agreement (“Letter Agreement”) with Millrock to acquire a 100% undivided right, title, and interest in five projects, including Los Cuarentas, La Union, El Valle, Llano del Nogalo and El Pima, at a purchase price of \$35,000 cash (paid) and 150,000 common shares (issued at a fair market value of \$24,000). During the period ended June 30, 2021, the Company has officially obtained ownership of the properties of Llano del Nogalo and El Valle.

On June 17, 2020, the Company entered into a Definitive Option Agreement (the “Agreement”) with Minera Hochschild Mexico, S.A. de C.V. (“Hochschild”), a wholly-owned subsidiary of Hochschild Mining PLC for the Company’s 100% owned Los Cuarentas Gold-Silver Project (the “Project”).

Details of the Agreement:

- Phase I Earn-in Option: Hochschild can earn-in an undivided 51% by incurring US\$8,000,000 in exploration expenditures over five (5) years.

On July 20, 2020, the Company received US\$90,467 on signing the Agreement and to reimburse the Company for prepaid maintenance fees.

Hochschild to incur expenditures as listed in the table below totaling at least US\$8,000,000 of qualifying exploration expenditures before the fifth anniversary of the effective date of the executed Agreement.

Due date	Cumulative exploration expenditures
June 17, 2021 (1 st anniversary of the effective date)	US\$700,000
June 17, 2022	US\$1,700,000
June 17, 2023	US\$2,700,000
June 17, 2024	US\$5,000,000
June 17, 2025	US\$8,000,000

Upon completion of Phase I obligations, Hochschild can elect to form a 51:49 joint venture.

- Phase II Earn-in Option: Hochschild can elect to earn an additional 24% by incurring a further US\$3,000,000 in qualifying exploration expenditures and delivering a completed feasibility study.

Due date	Cumulative exploration expenditures
June 17, 2026	US\$9,000,000
June 17, 2027	US\$10,000,000
June 17, 2028	US\$11,000,000

Upon Hochschild's completion of the Phase II Earn-in and Riverside's acceptance, the parties can form a Joint Venture with Riverside having a 25% interest, and Hochschild having 75% interest. Riverside will have the option to sell its interest in the project to Hochschild for US\$20,000,000, while retaining a 1% Net Smelter Royalty (NSR).

On July 27, 2020, the Company received US\$312,614 as exploration advances for the generative exploration for the period from July 1, 2020 to September 30, 2020. As of September 30, 2020, the Company had spent the US\$312,614 for generative exploration in the first year.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(j) Los Cuarentas, Sonora, Mexico (continued)

On November 9, 2020, the Company received US\$228,699 as exploration advance for the generative exploration for the period from October 1, 2020 to December 31, 2020. As of December 31, 2021, the Company had spent the US\$228,699 for generative exploration in the first year.

During the period ended June 30, 2021, the Company received US\$244,721 in total as the recoveries of exploration expenditures for the generative exploration during the period from October 2020 to February 2021.

On April 9, 2021, Hochschild initiated the termination of the option agreement by undertaking the costs of reclamation works and the federal annual concession maintenance fees due prior to September 6, 2021. Therefore, on May 14, 2021, the Company received US\$23,793 as exploration advance for the reclamation costs and the federal annual concession maintenance fees during the period from April to September 2021.

During the nine months ended June 30, 2021, the Company recognized and received \$77,152 as the operational fee which was recorded as management fee recovery.

(k) La Union, Sonora, Mexico

The La Union Property is a part of the Letter Agreement with Millrock. As a result, the Company gained a 100% exploration concession interest in the La Union Property on June 24, 2019.

(l) Northwestern Ontario, Canada

In April 2019, the Company acquired a 100% interest in the Oakes, Longrose, Pichette and Vincent projects in Northwestern Ontario, Canada. In July 2020, the Company expanded and acquired a 100% interest in the High Lake (Kenora) project in Western Ontario, Canada. As at June 30, 2021, the Company owned 1,282 claims for these projects (September 31, 2020 – 1,282).

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, 2021	September 30, 2020
Payables to vendors	\$ 85,051	\$ 158,167
*Exploration advances	751,769	1,477,723
	<u>\$ 836,820</u>	<u>\$ 1,635,890</u>

*Exploration advances is in connection to the BHP, Carlyle and Hochschild projects during the period ended June 30, 2021. Refer to Note 9 (e), (i) and (j) for further details.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

11. Government loan

In May 2020, the Company secured a \$40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account (“CEBA”) under the Government of Canada COVID-19 relief program.

Terms of the CEBA loan:

- The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,
- If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a 2-year interest-free term loan effective January 1st, 2021,
- If \$30,000 is repaid by December 31, 2022, \$10,000 of the loan will be forgiven,
- On December 31, 2022, the term loan will be automatically extended for another 3 years at the rate of 5% per annum on any balance remaining.

The Company has estimated the initial carrying value of the CEBA loan at \$30,927, using a discount rate of 10%, which was the estimated rate for a similar loan without the interest-free component. The difference of \$9,073 will be accredited to the loan liability over the term of the CEBA loan and offset to other income on the statements of income (loss) and comprehensive income (loss).

The details of the CEBA loan is as follows:

		June 30, 2021		September 30, 2020
Opening balance	\$	31,970	\$	-
Addition		-		30,927
Interest expense		2,299		1,043
Repayment		(30,000)		-
Forgiveness of the accrued interests		(4,269)		
Ending balance	\$	-	\$	31,970

On June 11, 2021, the Company repaid \$30,000 cash payment for the CEBA loan and accordingly, the accrued interests of \$4,269 was forgiven as per the terms of the loan agreement.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

12. 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 period ended June 30, 2021

- (a) During the period ended June 30, 2021, the Company issued 2,173,000 common shares for the exercise of warrants for net proceeds of \$366,285.
- (b) During the period ended June 30, 2021, the Company issued 717,500 common shares for the exercise of options for net proceeds of \$79,925, and the Company transferred \$60,665 from reserves to share capital.

Shares issued for the year ended September 30, 2020

- (c) On January 31, 2020, the Company issued 400,000 common shares with a fair value of \$56,000 to Gunpoint in accordance with the letter agreements for the Cecilia property (Note 9 (e)).
- (d) During the year ended September 30, 2020, the Company issued 4,218,943 common shares for the exercise of warrants for proceeds of \$898,112. As at September 30, 2020, there was \$13,750 in share subscription receivable for the exercise of warrants.
- (e) During the year ended September 30, 2020, the Company issued 667,000 common shares for the exercise of options for proceeds of \$100,561.

Share purchase and finders' warrants

	Number of warrants	Weighted average exercise price
Outstanding warrants, September 30, 2019	17,516,875	\$ 0.22
Exercised as of August 14, 2020	(3,555,343)	0.22
Exercised as of September 30, 2020	(663,600)	0.22
Outstanding warrants, September 30, 2020	13,297,932	0.22
Exercised as of March 19, 2021	(2,173,000)	0.22
Expired as of March 19, 2021	(11,124,932)	0.22
Outstanding warrants, June 30, 2021	-	\$ -

Capitan is liable to issue shares pursuant to the Arrangement, whereby a holder exercises a Riverside warrant they will be entitled to receive one new Riverside common share and 0.2594 of a Capitan common share. The exercise price of the Riverside warrants will remain the same; however, Riverside will need to compensate Capitan for each Capitan common share that is issued on exercise of a Riverside warrant. During the period ended June 30, 2021, 2,173,000 of Riverside's warrants were exercised, as a result, Capitan issued 563,676 common shares and Riverside compensated Capitan for \$108,650.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

12. Capital stock and reserves (continued)

Share purchase and finders' warrants (continued)

The incremental fair value of 22,000 finders' warrants repriced during the year ended September 30, 2020, as result of the Arrangement, was estimated to be \$768 on the modification date using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free interest rate – 0.27%, Expected life – 0.59 year, expected volatility - 114.05%, Expected dividend yield – Nil, Weighted average fair value per warrant - \$0.30.

On March 19, 2021, the 22,000 finder's warrants unexercised and expired.

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 Bonus Plan puts the number of bonus shares that may be issued under the Bonus Plan to be 400,000 common shares per year. During the period ended June 30, 2021, nil (September 30, 2020 - nil) 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 period ended June 30, 2021, using the Black-Scholes option pricing model was \$251,602 (September 30, 2020 - \$228,800), of which \$93,455 was associated with the incremental fair value of stock options repriced as a result of the Arrangement. The associated share-based payment expense for the options granted during the year was calculated based on the following weighted average assumptions:

Stock options (continued)

	2021	2020
Forfeiture rate	0.00%	0.00%
Estimated risk-free rate	1.16 %	1.32 %
Expected volatility	89.30%	84.38%
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	5.00 years	5.00 years
Fair value per option granted	\$ 0.19	\$ 0.09

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

12. Capital stock and reserves (continued)

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, 2019	3,845,500	\$ 0.26
Expired	(723,000)	\$ 0.27
Granted	1,415,000	\$ 0.14
Exercised	(667,000)	\$ 0.15
Outstanding options, September 30, 2020	3,870,500	\$ 0.18
Expired	(15,000)	\$ 0.11
Granted	1,330,000	\$ 0.30
Exercised	(717,500)	\$ 0.11
Outstanding options, June 30, 2021	4,468,000	\$ 0.23

During the year ended September 30, 2020, 723,000 stock options expired unexercised.

During the year ended September 30, 2020, 667,000 stock options were exercised.

During the period ended June 30, 2021, 717,500 stock options were exercised and 15,000 stock options expired unexercised.

On November 15, 2019, the Company granted 1,265,000 incentive stock options (the "Options") to certain directors, officers and consultants of the Company. The Options are exercisable at \$0.135 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.

On March 27, 2020, the Company granted 150,000 incentive stock option (the "Options") to certain consultants of the Company. The Options are exercisable at \$0.16 per share for a period of five years from the date of grant. Options granted to consultants vest in four equal installments over 12 months.

On October 19, 2020, the Company granted 1,330,000 incentive stock options (the "Options") to certain directors, officers and consultants of the Company. The Options are exercisable at \$0.30 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.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

12. Capital stock and reserves (continued)

Stock options (continued)

As at June 30, 2021, 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
12/16/2021	935,000	0.46	\$ 0.32	935,000
11/03/2022	688,000	1.35	\$ 0.21	688,000
01/08/2024	560,000	2.53	\$ 0.13	560,000
11/15/2024	855,000	3.38	\$ 0.11	855,000
03/27/2025	100,000	3.74	\$ 0.12	100,000
10/19/2025	1,330,000	4.31	\$ 0.30	623,333
	4,468,000			3,761,333

*According to the Arrangement with Capitan on August 14, 2020, each Riverside Option were exchanged for one Riverside Replacement Option to acquire one New Riverside Share and one Capitan Option to acquire 0.2594 of a Capitan Share. As a result, the above exercise prices have been properly reflected to the new Riverside Replacement Option prices.

13. Related party transactions

The Company entered into the following transactions with related parties:

Payee / Payer	Nature of transactions	Period ending June 30,	Fees (Income) (\$)	Shares (\$)	Amount payable (receivable) at period end (\$)
Arriva Management Inc.	Management and consulting fees (i)	2021	175,500	Nil	Nil
		2020	174,600	Nil	Nil
GSBC Financial Management Inc.	Management and consulting fees (i)	2021	72,000	Nil	Nil
		2020	72,000	Nil	Nil
Alberto Orozco	Consulting fees (i)	2021	479	Nil	Nil
		2020	123,750	Nil	Nil
Omni Resource Consulting Ltd.	Consulting fees (i)	2021	42,000	Nil	Nil
		2020	45,000	Nil	Nil
Brian Groves	Director fees(ii)	2021	9,000	Nil	Nil
		2020	9,000	Nil	Nil
James Clare	Director fees(ii)	2021	Nil	Nil	Nil
		2020	Nil	Nil	Nil
Carol Ellis	Director fees(ii)	2021	9,000	Nil	Nil
		2020	9,000	Nil	Nil
Walter Henry	Director fees(ii)	2021	9,000	Nil	Nil
		2020	9,000	Nil	Nil
First Helium Inc.	Rent (iii)	2021	(18,000)	Nil	Nil
		2020	(18,000)	Nil	(18,900)

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 period ended June 30, 2021 and 2020 are as follows:

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

13. Related party transactions (continued)

	2021	2020
Directors' fees (ii)	\$ 27,000	\$ 27,000
Management and consulting fees (i)	299,979	460,350
Share-based payments	<u>113,213</u>	<u>68,401</u>
	<u>\$ 440,192</u>	<u>\$ 555,751</u>

- (i) Management and consulting fees of the key management personnel for the year were allocated as follows: \$81,000 (2020 - \$81,000) expensed to consulting fees, \$81,100 (2020 - \$379,350) capitalized to exploration and evaluation assets and \$137,879 (2020 - \$nil) capitalized to exploration work performed for alliances that will be reimbursed.
- (ii) Starting from January 1, 2019, James Clare, director, agreed not to receive director fees from the Company and waived \$26,846 in amounts owed to him from the Company. As a result, the Company recognized a gain on debt settlement of \$26,846 during the year ended September 30, 2019.
- (iii) Starting from February 2019, the Company agreed to share their office space with First Helium Inc. ("First Helium"), a company with a common officer with the Company. During the period ended June 30, 2021, the Company recognized rental recovery of \$18,000 (2020 - \$12,000) from First Helium, which was recorded in other income.

On November 30, 2019, the Company received 300,000 pre-consolidated shares of First Helium Inc. to settle \$21,000 in debt. On September 8, 2020, the Company acquired an additional 472,500 pre-consolidated shares of First Helium Inc. at \$0.04 per share by paying cash of \$18,900. On November 9, 2020, the Company acquired the additional 772,500 pre-consolidated shares of First Helium Inc. at \$0.007 per share by paying cash of \$5,408. Please refer to Note 5 (5) & Note 15 (a) for additional details.

14. 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. Geographical information is as follows:

	June 30, 2021	September 30, 2020
Equipment		
Canada	\$ 4,656	\$ 5,628
Mexico	<u>248,272</u>	<u>226,383</u>
	<u>252,928</u>	<u>232,011</u>
Exploration and evaluation assets		
Canada	2,471,620	2,238,866
Mexico	<u>3,344,015</u>	<u>2,979,081</u>
	<u>5,815,635</u>	<u>5,217,947</u>
Total	<u>\$ 6,068,563</u>	<u>\$ 5,449,958</u>

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

15. Supplemental disclosure with respect to cash flows

	June 30, 2021	September 30, 2020
Cash	\$ 3,930,340	\$ 4,453,401
Cash equivalents	135,186	135,177
	4,065,526	4,588,578

The significant non-cash transactions for the year ended September 30, 2020 were as follows:

- The Company received 300,000 pre-consolidated First Helium Inc. shares at a value of \$21,000 as settlement of debts for the previous rental recovery from February to November 2019, which was recorded as other income. (Note 5(s))
- The Company issued 400,000 common shares at \$56,000 for the Cecilia Project (Note 9(e)).
- The Company received 1,500,000 Carlyle Commodities Corp. ("Carlyle") shares valued at \$450,000 as exploration and evaluation assets recoveries (Note 9 (e)).
- Included in accounts payable was \$26,756 in exploration and evaluation asset expenditures.

16. 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 period ended June 30, 2021.

The Company is not currently subject to externally imposed capital requirements.

17. 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 and government loan approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's cash and cash equivalents and public company short-term investments, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities. Financial instruments valued at level 2 inputs consist of the Company's private company short-term investments. The key assumptions driving the valuation of the private company short-term investments include, but are not limited to the value of completed financings by the investee.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

17. Financial instruments (continued)

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, 2021, the Company had cash and cash equivalents of \$4,065,526 to settle current liabilities of \$1,861,045. 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, 2021, the Company had investments in short-term deposit certificates of \$23,000.

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 \$368,710.

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 \$331,052.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

18. Mexico tax liability

During the year ended September 30, 2019, the Company received a final verdict of a lawsuit against the Government of Mexico. The funds provided by the Company to its wholly-owned subsidiary Riverside Resources Mexico S.A. de C.V. (“RRM”) in fiscal 2010 were deemed to be income. The Mexican tax authority passed a decision to impose a lien on RRM’s assets and a tax penalty of \$1,131,026 on RRM. Accordingly, the Company recorded a tax penalty totaling \$1,131,026. The Mexican tax authority has not enforced the lien and the lien does not impede RRM’s ability to carry out its business operations.

As at June 30, 2021, the Company recognized \$1,024,225 (September 30, 2020, \$990,184) as provision liability as a result of the foreign exchange movement. The Company is currently negotiating with the tax authority on a settlement.

19. Subsequent events

On February 10, 2021, the Company announced the sales of Oakes, Pichette and Longrose projects in northwestern Ontario for 8,000,000 common shares and a one-time bonus \$500,000 in cash or share consideration for drill results of 100 g/m gold intercept at any of the three properties sold by the Company to iMetal Resources Inc. (“iMetal”), as well as the Company retaining a 2.5% Net Smelter Royalty (NSR) on each project. As of August 25, 2021, the Company is actively under negotiation with iMetal to ensure the sales are still in good standing.

Subsequent to the quarter-ended June 30, 2021, the Company sold 75,500 shares of Arizona Metal Corp. for net proceeds of \$340,840.