

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

**RIVERSIDE RESOURCES INC.**  
**Index to Condensed Interim Consolidated Financial Statements**  
**June 30, 2023**

---

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 8-23

## **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, 2023 have not been reviewed by the Company's auditors.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Consolidated Statements of Financial Position as at,  
(Expressed in Canadian Dollars)

|                                   | Note | June 30,<br>2023 | September 30,<br>2022 |
|-----------------------------------|------|------------------|-----------------------|
| <b>Assets</b>                     |      |                  |                       |
| Current assets:                   |      |                  |                       |
| Cash and cash equivalents         | 15   | \$ 7,696,262     | \$ 6,923,180          |
| Short-term investments            | 4    | 167,145          | 130,225               |
| Receivables                       | 5    | 345,394          | 203,526               |
| Asset held for sale               | 6    | -                | 3,035,967             |
| Prepaid expenses                  | 7    | 68,518           | 96,891                |
|                                   |      | 8,277,319        | 10,389,789            |
| Receivables                       | 5    | 802,257          | 1,093,013             |
| Equipment                         | 8    | 148,979          | 168,127               |
| Exploration and evaluation assets | 9    | 5,942,553        | 4,671,861             |
|                                   |      | \$ 15,171,108    | \$ 16,322,790         |

## Liabilities and Shareholders' Equity

|                                          |    |               |               |
|------------------------------------------|----|---------------|---------------|
| Current liabilities:                     |    |               |               |
| Accounts payable and accrued liabilities | 10 | \$ 91,330     | \$ 238,441    |
| Flow-through premium liability           |    | -             | 8,808         |
| Exploration advances                     | 11 | 179,858       | 2,723,531     |
| Provision liability                      | 18 | 1,272,219     | 1,117,637     |
|                                          |    | 1,543,407     | 4,088,417     |
| Shareholders' equity:                    |    |               |               |
| Capital stock                            | 12 | 26,017,795    | 26,017,795    |
| Reserves                                 | 12 | 3,846,519     | 3,770,448     |
| Accumulated deficit                      |    | (16,370,574)  | (16,069,897)  |
| Accumulated other comprehensive loss     |    | (133,961)     | (1,483,973)   |
|                                          |    | 13,627,701    | 12,234,373    |
|                                          |    | \$ 15,171,108 | \$ 16,322,790 |

Nature and continuance of operations (Note 1)

On behalf of the Board on August 28, 2023

“Walter Henry” Director  
Water Henry

“Wendy Chan” Director  
Wendy Chan

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 and Comprehensive Income

For the nine months ended June 30,

(Unaudited - Expressed in Canadian Dollars)

|                                                             | Note   | 3 Month Ended<br>June 30, 2023 | 3 Month Ended<br>June 30, 2022 | 9 Month Ended<br>June 30, 2023 | 9 Month Ended<br>June 30, 2022 |
|-------------------------------------------------------------|--------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Expenses</b>                                             |        |                                |                                |                                |                                |
| Management and consulting fees                              | 9, 13  | \$ 95,875                      | \$ 94,247                      | \$ 283,805                     | \$ 280,672                     |
| Depreciation                                                | 8      | 14,056                         | 16,068                         | 40,236                         | 46,867                         |
| Amortization of flow-through premium liability              |        | -                              | (46,400)                       | (8,808)                        | (133,384)                      |
| Director fees                                               | 13     | 9,130                          | 9,000                          | 22,130                         | 27,000                         |
| Foreign exchange (gain) loss                                |        | 34,918                         | (179,955)                      | (26,701)                       | (87,921)                       |
| General and administration                                  |        | 42,545                         | 42,406                         | 117,735                        | 125,957                        |
| Investor relations                                          |        | 77,009                         | 120,148                        | 223,364                        | 285,407                        |
| Professional fees                                           |        | 16,898                         | 53,919                         | 190,833                        | 130,401                        |
| Property investigation and evaluation                       |        | 131                            | 59                             | 5,384                          | 4,611                          |
| Rent                                                        | 13     | 14,550                         | 14,550                         | 43,650                         | 43,650                         |
| Share-based payments                                        | 12, 13 | 12,011                         | 20,751                         | 76,071                         | 98,039                         |
| Finance income                                              |        | (69,694)                       | (16,132)                       | (179,844)                      | (28,252)                       |
| Gain on sale of asset                                       |        | -                              | -                              | (294,671)                      | -                              |
| Loss on disposal of asset                                   |        | -                              | 20,369                         | -                              | 20,369                         |
| Operational fee recovery                                    |        | (19,484)                       | (79,699)                       | (144,653)                      | (240,642)                      |
| Other income                                                |        | (2,816)                        | (37,027)                       | (115,934)                      | (128,668)                      |
| Unrealized loss (gain) on short-term investments            | 4      | 35,318                         | 63,527                         | 68,080                         | 1,137,012                      |
| Realized loss (gain) on short-term investments              | 4      | -                              | -                              | -                              | (1,384,833)                    |
| Write - down of E&E assets                                  |        | -                              | 54                             | -                              | 4,227                          |
| <b>Net income (loss) for the period</b>                     |        | (260,447)                      | (95,885)                       | (300,677)                      | (200,512)                      |
| Foreign exchange movements                                  |        | 356,020                        | 134,769                        | 1,617,934                      | 186,811                        |
| <b>Comprehensive income (loss) for the period</b>           |        | 95,573                         | 38,884                         | 1,317,257                      | (13,701)                       |
| <b>Income (Loss) per share – basic and diluted</b>          |        | \$ (0.00)                      | \$ (0.00)                      | \$ (0.00)                      | \$ (0.00)                      |
| <b>Weighted average number of common shares outstanding</b> |        |                                |                                |                                |                                |
| – basic                                                     | 4(h)   | 69,562,521                     | 69,562,521                     | 67,792,992                     | 69,080,729                     |
| – diluted                                                   | 4(h)   | 69,562,521                     | 69,562,521                     | 67,792,992                     | 69,080,729                     |

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 period ended June 30,

(Unaudited - Expressed in Canadian Dollars)

|                                                         | Note   | 2023         | 2022         |
|---------------------------------------------------------|--------|--------------|--------------|
| <b>OPERATING ACTIVITIES</b>                             |        |              |              |
| Net income (loss) for the period                        |        | \$ (300,677) | \$ (200,512) |
| Items not involving cash:                               |        |              |              |
| Depreciation                                            | 8      | 40,236       | 46,867       |
| Share-based payments                                    | 12, 13 | 76,071       | 98,039       |
| Realized gain on short-term investments                 | 4      | -            | (1,384,833)  |
| Unrealized loss (gain) on short-term investments        | 4      | 68,081       | 1,137,012    |
| Other income                                            |        | (115,934)    | (128,668)    |
| Amortization of flow-through premium liability          |        | (8,808)      | (133,384)    |
| Gain on asset disposal                                  | 6      | (294,671)    | -            |
| Change in non-cash working capital items:               |        |              |              |
| Prepaid expenses                                        |        | 28,373       | 9,637        |
| Receivables                                             |        | 264,822      | 25,042       |
| Accounts payable and accrued liabilities                |        | (445,945)    | (765,050)    |
| Long term VAT receivable                                |        | -            | -            |
|                                                         |        | (688,452)    | (1,295,850)  |
| <b>INVESTING ACTIVITIES</b>                             |        |              |              |
| Exploration advances                                    |        | (2,543,673)  | 908,247      |
| Exploration and evaluation assets                       |        | (1,117,012)  | (553,180)    |
| Purchase of equipment                                   | 8      | (881)        | (3,026)      |
| Sale of asset                                           | 6      | 3,697,190    | -            |
| Sale of short-term investments                          | 4      | -            | 1,471,070    |
|                                                         |        | 35,624       | 1,823,111    |
| <b>FINANING ACTIVITIES</b>                              |        |              |              |
| Proceeds from share issuance, net of issuance costs     |        | -            | 720,475      |
|                                                         |        | -            | 720,475      |
| Effect of foreign exchange on cash and cash equivalents |        | 1,425,910    | 115,250      |
| Increase in cash and cash equivalents                   |        | 773,082      | 1,362,986    |
| Cash and cash equivalents, beginning of the period      |        | 6,923,180    | 5,972,384    |
| Cash and cash equivalents, end of the period            |        | \$ 7,696,262 | \$ 7,335,370 |

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 |               |              |                        | Accumulated<br>other<br>comprehensive<br>loss |               |
|--------------------------------------|------|---------------|---------------|--------------|------------------------|-----------------------------------------------|---------------|
|                                      | Note | Shares        | Amount        | Reserves     | Accumulated<br>Deficit |                                               | Total         |
| <b>Balance at September 30, 2021</b> |      | 71,017,631    | \$ 25,468,861 | \$ 3,670,485 | \$ (15,862,311)        | \$ (2,297,772)                                | \$ 10,979,263 |
| Issued for:                          |      |               |               |              |                        |                                               |               |
| Private placement                    | 12   | 3,430,8333    | 720,475       | -            | -                      | -                                             | 720,475       |
| Flow-through premium                 | 12   | -             | (171,541)     | -            | -                      | -                                             | (171,541)     |
| Share-based payments                 | 12   | -             | -             | 98,039       | -                      | -                                             | 98,039        |
| Loss for the period                  |      | -             | -             | -            | (200,512)              | -                                             | (200,512)     |
| Foreign exchange movements           |      | -             | -             | -            | -                      | 186,811                                       | 186,811       |
| <b>Balance at June 30, 2022</b>      |      | 74,448,464    | 26,017,795    | 3,768,524    | (16,062,823)           | (2,110,961)                                   | 11,612,535    |
| <b>Balance at September 30, 2022</b> |      | 74,448,464    | 26,017,795    | 3,770,448    | (16,069,897)           | (1,483,973)                                   | 12,234,373    |
| Issued for:                          |      |               |               |              |                        |                                               |               |
| Share-based payments                 | 12   | -             | -             | 76,071       | -                      | -                                             | 76,071        |
| Loss for the period                  |      | -             | -             | -            | (300,677)              | -                                             | (300,677)     |
| Foreign exchange movements           |      | -             | -             | -            | -                      | 1,617,934                                     | 1,617,934     |
| <b>Balance at June 30, 2023</b>      |      | 74,448,464    | \$ 26,017,795 | \$ 3,846,519 | \$ (16,370,574)        | \$ 133,961                                    | \$ 13,627,701 |

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, 2023

(Unaudited - Expressed in Canadian Dollars)

---

## 1. Nature 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 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. 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 as 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.”

## 3. Significant accounting policies

These interim consolidated financial statements as at June 30, 2023 have been prepared following the same accounting policies as the annual consolidated financial statements as at September 30, 2022.



# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

## 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 |
| Riverside Resources (BC) Inc.            | Canada                   | 100%                             | Mineral exploration |
| RRI Holdings Limited                     | Canada                   | 100%                             | Holding company     |
| 1412597 BC LTD. <sup>(1)</sup>           | Canada                   | 100%                             | Holding company     |
| 1412601 BC LTD. <sup>(1)</sup>           | Canada                   | 100%                             | Holding company     |

<sup>(1)</sup> Incorporated on April 25, 2023

## 4. 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, 2023    |              |                   | September 30, 2022 |              |                   |
|--------------------------------------------------------------------|------------------|--------------|-------------------|--------------------|--------------|-------------------|
|                                                                    | Number of shares | Cost         | Fair market value | Number of shares   | Cost         | Fair market value |
| Arcus Development Group Inc.                                       | 29,000           | \$ 11,020    | \$ 580            | 29,000             | \$ 11,020    | \$ 580            |
| Arizona Metals Corp. <sup>(1)</sup>                                | -                | -            | -                 | -                  | -            | -                 |
| Guerrero Exploration Inc.                                          | 1,926,000        | 343,049      | -                 | 1,926,000          | 343,049      | -                 |
| Carlyle Commodities Corp. <sup>(2)</sup>                           | 750,000          | 562,500      | 67,500            | 250,000            | 512,500      | 41,250            |
| Goldshore Resources Inc. (formerly Sierra Madre Developments Inc.) | 104,194          | 1,103,791    | 18,755            | 104,194            | 1,103,791    | 20,318            |
| Sinaloa Resources Corp.                                            | 1,000,000        | 100,000      | -                 | 1,000,000          | 100,000      | -                 |
| First Helium Inc.                                                  | 154,500          | 45,308       | 27,810            | 154,500            | 45,308       | 45,577            |
| Upper Canada Mining Inc.                                           | 5,600,000        | -            | -                 | 5,600,000          | -            | -                 |
| Southern Empire Resources <sup>(3)</sup>                           | 1,050,000        | 110,000      | 52,500            | 500,000            | 55,000       | 22,500            |
|                                                                    | 10,613,694       | \$ 2,275,668 | \$ 167,145        | 9,563,694          | \$ 2,170,668 | \$ 130,225        |

<sup>(2)</sup> During the year ended September 30, 2022, the Company sold the remaining 324,500 shares for net proceeds of \$1,471,070.

<sup>(3)</sup> On June 8, 2023, the Company received 500,000 shares of Carlyle Commodities Corp. (Carlyle) with a fair market value of \$50,000 as debt settlement for the cost incurred by the Company regarding Cecilia property.

On January 13, 2022, the Company received 500,000 shares of Carlyle with a fair market value of \$15,000 as per the option agreement for the Cecilia property. Refer to Note 9 (c) for additional details. Effective September 6, 2022, Carlyle underwent a 10:1 share consolidation, as a result the Company's investment in Carlyle was updated to reflect the share consolidation.

<sup>(4)</sup> On January 11, 2023, the Company received additional 550,000 shares of Southern Empire Resources Corp. with a fair market value of \$55,000 as per the option agreement for the Suaqui Verde property. Refer to Note 9 (f) 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, 2023

(Unaudited - Expressed in Canadian Dollars)

### 5. Receivables

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

|                                                 | June 30,<br>2023 | September 30,<br>2022 |
|-------------------------------------------------|------------------|-----------------------|
| GST recoverable amounts in Canada               | \$ 18,315        | \$ 19,179             |
| IVA recoverable amounts in Mexico (current)     | 300,774          | 161,238               |
| Land taxes recovery in Mexico                   | 26,305           | 23,109                |
|                                                 | 345,394          | 203,526               |
| IVA recoverable amounts in Mexico (non-current) | 802,257          | 1,093,013             |
|                                                 | \$ 1,147,651     | \$ 1,296,539          |

### 6. Assets held for sale

|                                  | June 30,<br>2023 | September 30,<br>2022 |
|----------------------------------|------------------|-----------------------|
| Balance, beginning of the period | \$ 3,035,967     | \$ 3,035,967          |
| Sold during the period           | (3,035,967)      | -                     |
| Balance, end of the period       | \$ -             | \$ 3,035,967          |

During the year ended September 30, 2022, Tajitos property was actively marketed for sale and on November 15, 2022, the Company signed a definitive sale and royalty agreement with Minera Fresnillo SA de CV ("Fresnillo"), a wholly owned subsidiary of Fresnillo PLC for the sale of the Tajitos Gold Project located in Sonora, Mexico. The Company received a \$3,697,190 (US\$2,500,000) cash payment on November 18, 2022 and retained a 2.0% NSR over the mineral concessions attached to the property. There were no liabilities attributable to the Tajitos property. At September 30, 2022, the property was recorded at the lower of its carrying amount and the fair value less cost of disposal. The Company realized a gain of \$294,671 from the sale of this property.

### 7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

|                         | June 30,<br>2023 | September 30,<br>2022 |
|-------------------------|------------------|-----------------------|
| Conferences and courses | \$ -             | \$ -                  |
| Expense advances        | 21,483           | 40,294                |
| Insurance               | 36,104           | 45,722                |
| Rent                    | 10,931           | 10,875                |
|                         | \$ 68,518        | \$ 96,891             |

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

## 8. Equipment

|                                 | Computer<br>hardware | Exploration<br>equipment | Furniture &<br>fixtures | Vehicles            | TOTAL               |
|---------------------------------|----------------------|--------------------------|-------------------------|---------------------|---------------------|
| <b>Cost</b>                     |                      |                          |                         |                     |                     |
| Balance at September 30, 2021   | \$ 89,329            | \$ 211,660               | \$ 31,987               | \$ 265,144          | \$ 598,120          |
| Additions                       | 1,894                | -                        | -                       | 1,132               | 3,026               |
| Disposals                       | -                    | -                        | -                       | (20,369)            | (20,369)            |
| Foreign exchange movement       | 1,727                | 18,385                   | 1,899                   | 22,945              | 44,956              |
| Balance at September 30, 2022   | \$ 92,950            | \$ 230,045               | \$ 33,886               | \$ 268,852          | \$ 625,733          |
| Additions                       | 881                  | -                        | -                       | -                   | 881                 |
| Disposals                       | -                    | -                        | -                       | -                   | -                   |
| Foreign exchange movement       | 2,923                | 29,743                   | 3,071                   | 37,185              | 72,922              |
| <b>Balance at June 30, 2023</b> | <b>\$ 96,754</b>     | <b>\$ 259,788</b>        | <b>\$ 36,957</b>        | <b>\$ 306,037</b>   | <b>\$ 699,536</b>   |
| <b>Accumulated depreciation</b> |                      |                          |                         |                     |                     |
| Balance at September 30, 2021   | \$ (83,942)          | \$ (126,575)             | \$ (28,631)             | \$ (124,902)        | \$ (364,050)        |
| Depreciation                    | (2,763)              | (17,160)                 | (674)                   | (42,556)            | (63,153)            |
| Disposals                       | -                    | -                        | -                       | 20,369              | 20,369              |
| Foreign exchange movement       | (1,321)              | (12,093)                 | (1,727)                 | (35,631)            | (50,772)            |
| Balance at September 30, 2022   | \$ (88,024)          | \$ (155,823)             | \$ (31,030)             | \$ (182,729)        | \$ (457,606)        |
| Depreciation                    | (1,924)              | (11,850)                 | (447)                   | (26,015)            | (40,236)            |
| Disposals                       | -                    | -                        | -                       | -                   | -                   |
| Foreign exchange movement       | (2,296)              | (20,567)                 | (2,823)                 | (27,029)            | (52,715)            |
| <b>Balance at June 30, 2023</b> | <b>\$ (92,244)</b>   | <b>\$ (188,240)</b>      | <b>\$ (34,300)</b>      | <b>\$ (235,773)</b> | <b>\$ (550,557)</b> |
| <b>Net book value</b>           |                      |                          |                         |                     |                     |
| Balance at September 30, 2022   | \$ 4,926             | \$ 74,222                | \$ 2,856                | \$ 86,123           | \$ 168,127          |
| <b>Balance at June 30, 2023</b> | <b>\$ 4,510</b>      | <b>\$ 71,548</b>         | <b>\$ 2,657</b>         | <b>\$ 70,264</b>    | <b>\$ 148,979</b>   |

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

## 9. Exploration and evaluation assets

For the period ended June 30, 2023

|                                         | La Silla<br>Mexico | Australia<br>Mexico | Ariel<br>Mexico | Cecilia<br>Mexico | Teco<br>Mexico | Suaqui Verde<br>Mexico | Los Cuarentas<br>Mexico | La Union<br>Mexico | El Valle, Llano del<br>Nogalo & El Pima<br>Mexico | Northwestern<br>Ontario,<br>Canada | British<br>Columbia,<br>Canada | Total        |
|-----------------------------------------|--------------------|---------------------|-----------------|-------------------|----------------|------------------------|-------------------------|--------------------|---------------------------------------------------|------------------------------------|--------------------------------|--------------|
| Acquisition costs                       | \$ 9,286           | \$ 1,258            | \$ 96,407       | \$ 27,899         | \$ 8,519       | \$ 86                  | \$ 14,484               | \$ 233,386         | \$ 7,296                                          | \$ -                               | \$ 29,600                      | \$ 428,221   |
| Exploration costs:                      |                    |                     |                 |                   |                |                        |                         |                    |                                                   |                                    |                                |              |
| Assaying                                | -                  | -                   | -               | -                 | -              | -                      | -                       | -                  | -                                                 | 284                                | -                              | 284          |
| Drilling                                | -                  | -                   | -               | -                 | -              | -                      | -                       | -                  | -                                                 | -                                  | -                              | -            |
| Field & camp costs                      | 287                | 850                 | 13,133          | 25                | -              | -                      | 25                      | 7,916              | -                                                 | 1,097                              | 10,429                         | 33,762       |
| Geological consulting                   | -                  | -                   | 96,502          | 15,475            | -              | -                      | 325                     | 33,610             | 34,069                                            | 141,440                            | 48,925                         | 370,346      |
| Surveys & geophysics                    | -                  | -                   | -               | -                 | -              | -                      | -                       | -                  | -                                                 | 35,630                             | 33                             | 35,663       |
| Transport & support                     | 65                 | 3,549               | 30,270          | 3,945             | -              | -                      | 932                     | 16,714             | 5,251                                             | 21,849                             | 10,139                         | 92,714       |
| Total current exploration costs         | 352                | 4,399               | 139,905         | 19,445            | -              | -                      | 1,282                   | 58,240             | 39,320                                            | 200,300                            | 69,526                         | 532,769      |
| Professional & other fees:              |                    |                     |                 |                   |                |                        |                         |                    |                                                   |                                    |                                |              |
| Professional consulting                 | 6,000              | -                   | 9,000           | -                 | 3,000          | -                      | -                       | 7,500              | 6,000                                             | 7,500                              | 4,000                          | 43,000       |
| Legal fees                              | 4,585              | 596                 | 26,334          | 5,541             | 917            | 917                    | 3,063                   | 14,495             | 13,048                                            | -                                  | -                              | 69,496       |
| Others                                  | -                  | -                   | 2,891           | 264               | -              | -                      | -                       | 1,754              | 3,192                                             | 5,207                              | -                              | 13,308       |
| Total current professional & other fees | 10,585             | 596                 | 38,225          | 5,805             | 3,917          | 917                    | 3,063                   | 23,749             | 22,240                                            | 12,707                             | 4,000                          | 125,804      |
| Total costs incurred during the period  | 20,223             | 6,253               | 274,537         | 53,149            | 12,436         | 1,003                  | 18,829                  | 315,375            | 68,856                                            | 213,007                            | 103,126                        | 1,086,794    |
| Balance, Opening                        | 666,368            | 50,971              | 175,204         | 1,315,010         | 289,565        | (92,907)               | 250,895                 | 350,842            | 8,977                                             | 1,656,936                          | -                              | 4,671,861    |
| Recoveries                              | -                  | -                   | -               | (50,000)          | -              | (92,500)               | -                       | -                  | -                                                 | -                                  | -                              | (142,500)    |
| Foreign exchange movements              | 44,710             | 7,111               | 15,405          | 92,435            | 34,353         | 4,360                  | 39,677                  | 86,082             | 2,265                                             | -                                  | -                              | 326,398      |
| Balance, End of the period              | \$ 731,301         | \$ 64,335           | \$ 465,146      | \$ 1,410,594      | \$ 336,354     | \$ (180,044)           | \$ 309,401              | \$ 752,299         | \$ 80,098                                         | \$ 1,869,943                       | \$ 103,126                     | \$ 5,942,553 |
| Cumulative costs:                       |                    |                     |                 |                   |                |                        |                         |                    |                                                   |                                    |                                |              |
| Acquisition                             | \$ 87,405          | \$ 6,821            | \$ 117,772      | \$ 690,386        | \$ 102,108     | \$ 5,990               | \$ 244,685              | \$ 353,924         | \$ 13,959                                         | \$ 79,453                          | \$ 29,600                      | \$ 1,732,103 |
| Exploration                             | 610,511            | 35,003              | 255,792         | 1,005,238         | 139,804        | 30,334                 | 112,505                 | 352,013            | 40,321                                            | 1,699,067                          | 69,526                         | 4,350,114    |
| Professional & other fees               | 150,863            | 14,046              | 73,766          | 155,640           | 33,519         | 969                    | 22,609                  | 55,467             | 23,037                                            | 216,423                            | 4,000                          | 750,339      |
| Recoveries                              | (164,000)          | -                   | -               | (662,500)         | -              | (222,500)              | (122,519)               | (128,290)          | -                                                 | (125,000)                          | -                              | (1,424,809)  |
| Foreign exchange movements              | 46,522             | 8,465               | 17,816          | 221,830           | 60,923         | 5,163                  | 52,121                  | 119,185            | 2,781                                             | -                                  | -                              | 534,806      |
|                                         | \$ 731,301         | \$ 64,335           | \$ 465,146      | \$ 1,410,594      | \$ 336,354     | \$ (180,044)           | \$ 309,401              | \$ 752,299         | \$ 80,098                                         | \$ 1,869,943                       | \$ 103,126                     | \$ 5,942,553 |

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

For the period ended September 30, 2022

|                                         | El Valle, Llano del |            |           |            |              |            |              |               |            |                  |              |              |       |
|-----------------------------------------|---------------------|------------|-----------|------------|--------------|------------|--------------|---------------|------------|------------------|--------------|--------------|-------|
|                                         | Tajitos             | La Silla   | Australia | Ariel      | Cecilia      | Teco       | Suaqui Verde | Los Cuarentas | La Union   | Nogalo & El Pima | Northwestern |              |       |
|                                         | Mexico              | Mexico     | Mexico    | Mexico     | Mexico       | Mexico     | Mexico       | Mexico        | Mexico     | Mexico           | Ontario      | Canada       | Total |
| Acquisition costs                       | \$ 71,634           | \$ 14,943  | \$ 1,997  | \$ 8,260   | \$ 37,673    | \$ 13,424  | \$ 1,035     | \$ 18,913     | \$ 89,383  | \$ 2,245         | \$ 5,000     | \$ 264,507   |       |
| Exploration costs:                      |                     |            |           |            |              |            |              |               |            |                  |              |              |       |
| Assaying                                | -                   | -          | -         | -          | -            | -          | -            | -             | 10,402     | -                | 35,832       | 46,234       |       |
| Drilling                                | -                   | -          | -         | -          | -            | -          | -            | 2,356         | -          | -                | 442,654      | 445,010      |       |
| Field & camp costs                      | 182                 | 2,798      | 798       | 335        | 66           | -          | 1,200        | -             | 21,082     | -                | 59,952       | 86,413       |       |
| Geological consulting                   | 34,414              | 15,581     | 276       | 17,371     | 2,489        | 138        | 1,938        | 10,462        | 151,285    | 821              | 239,589      | 474,364      |       |
| Surveys & geophysics                    | -                   | -          | -         | -          | -            | -          | -            | -             | -          | -                | 73,750       | 73,750       |       |
| Transport & support                     | 4,140               | 15,018     | 4,277     | 7,265      | 5,061        | 1,907      | -            | 946           | 19,004     | -                | 80,956       | 138,574      |       |
| Total current exploration costs         | 38,736              | 33,397     | 5,351     | 24,971     | 7,616        | 2,045      | 3,138        | 13,764        | 201,773    | 821              | 932,733      | 1,264,345    |       |
| Professional & other fees:              |                     |            |           |            |              |            |              |               |            |                  |              |              |       |
| Professional consulting                 | -                   | 24,000     | -         | 12,919     | -            | 12,000     | -            | -             | -          | -                | 1,500        | 50,419       |       |
| Legal fees                              | 30,815              | -          | -         | -          | -            | -          | -            | 555           | 16,033     | (1,627)          | -            | 45,776       |       |
| Others                                  | 1,349               | 4,214      | -         | 1,806      | 6            | 478        | -            | 739           | 2,839      | -                | 6,283        | 17,714       |       |
| Total current professional & other fees | 32,164              | 28,214     | -         | 14,725     | 6            | 12,478     | -            | 1,294         | 18,872     | (1,627)          | 7,783        | 113,909      |       |
| Total costs incurred during the period  | 142,534             | 76,554     | 7,348     | 47,956     | 45,295       | 27,947     | 4,173        | 33,971        | 310,028    | 1,439            | 945,516      | 1,642,761    |       |
| Balance, Opening                        | 2,697,156           | 562,511    | 39,432    | 121,874    | 1,228,630    | 240,710    | 30,285       | 193,064       | 132,575    | 6,799            | 836,420      | 6,089,456    |       |
| Asset write-off                         | -                   | -          | -         | -          | -            | -          | -            | -             | -          | -                | -            | -            |       |
| Recoveries                              | -                   | -          | -         | -          | (15,000)     | -          | (130,000)    | -             | (128,290)  | -                | (125,000)    | (398,290)    |       |
| Assets Held for Sale                    | (3,035,967)         | -          | -         | -          | -            | -          | -            | -             | -          | -                | -            | (3,035,967)  |       |
| Foreign exchange movements              | 196,277             | 27,303     | 4,191     | 5,374      | 56,085       | 20,908     | 2,635        | 23,860        | 36,529     | 739              | -            | 373,901      |       |
| Balance, End of the period              | \$ -                | \$ 666,368 | \$ 50,971 | \$ 175,204 | \$ 1,315,010 | \$ 289,565 | \$ (92,907)  | \$ 250,895    | \$ 350,842 | \$ 8,977         | \$ 1,656,936 | \$ 4,671,861 |       |
|                                         |                     |            |           |            |              |            |              |               |            |                  |              |              |       |
| Cumulative costs:                       |                     |            |           |            |              |            |              |               |            |                  |              |              |       |
| Acquisition                             | \$ 1,182,249        | \$ 78,119  | \$ 5,563  | \$ 21,365  | \$ 662,487   | \$ 93,589  | \$ 5,904     | \$ 230,201    | \$ 120,538 | \$ 6,663         | \$ 79,453    | \$ 2,486,131 |       |
| Exploration                             | 1,631,534           | 610,159    | 30,604    | 115,887    | 985,793      | 139,804    | 30,334       | 111,223       | 293,773    | 1,001            | 1,498,767    | 5,448,879    |       |
| Professional & other fees               | 385,336             | 140,278    | 13,450    | 35,541     | 149,835      | 29,602     | 52           | 19,546        | 31,718     | 797              | 203,716      | 1,009,871    |       |
| Recoveries                              | -                   | (164,000)  | -         | -          | (612,500)    | -          | (130,000)    | (122,519)     | (128,290)  | -                | (125,000)    | (1,282,309)  |       |
| Assets Held for Sale                    | (3,035,967)         | -          | -         | -          | -            | -          | -            | -             | -          | -                | -            | (3,035,967)  |       |
| Foreign exchange movements              | (163,152)           | 1,812      | 1,354     | 2,411      | 129,395      | 26,570     | 803          | 12,444        | 33,103     | 516              | -            | 45,256       |       |
|                                         | \$ -                | \$ 666,368 | \$ 50,971 | \$ 175,204 | \$ 1,315,010 | \$ 289,565 | \$ 92,907    | \$ 250,895    | \$ 350,842 | \$ 8,977         | \$ 1,656,936 | \$ 4,671,861 |       |

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

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 is in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are 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) 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. The Company has a 100% exploration concession interest in the La Silla Property.

(b) Ariel, Sonora, Mexico

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

(c) 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 acquired a 100% interest in the La Cecilia Margarita concessions from Gunpoint in January 2020.

In addition to the payments made to Gunpoint, 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 a Definitive Option Agreement with Carlyle Commodities Corp. ("Carlyle") whereby Carlyle could acquire a 100% interest in the Cecilia Property, 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) <sup>(1)</sup> | -                                   | -                                   | -                        |
| July 15, 2020                  | \$40,000 (received) <sup>(2)</sup> | 1,500,000 (received) <sup>(3)</sup> | 3,000,000 (received) <sup>(3)</sup> | -                        |
| July 15, 2021                  | \$50,000 (received) <sup>(4)</sup> | -                                   | -                                   | \$750,000 (achieved)     |
| July 15, 2022                  | \$50,000                           | -                                   | -                                   | \$500,000                |
| July 15, 2023                  | \$50,000                           | -                                   | -                                   | \$1,250,000              |

<sup>(1)</sup> Option payments were received on June 23, 2020.

<sup>(2)</sup> Option payment was received on July 16, 2020.

<sup>(3)</sup> 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 were vested and converted to common shares with a

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

fair market value of \$47,500. On January 13, 2022, 500,000 special warrants were vested and converted to common shares with a fair market value of \$15,000.

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

On May 15, 2022, the Company received an option termination notification from its partner, Carlyle Commodities Corp., stating that it would be terminating its option to earn a 100% interest in the Cecilia Project.

(d) Teco, Sonora, Mexico

The Company has a 100% ownership interest in the Teco Project which is made up of two concessions: Teco and Suaqui Grande.

(e) Australia, Sonora, Mexico

The Company has a 100% interest ownership interest in the Australia Project which is made up of two concessions: Sandy and Sandy 2.

(f) Suaqui Verde, Mexico

The Company has a 100% interest in Suaqui Verde Property.

On December 24, 2021, the Company entered into a Definitive Option Agreement with Southern Empire Resource Corp. ("Southern Empire") whereby Southern Empire could acquire a 100% interest in the Suaqui Verde Property, by paying \$112,500 in cash, issuing 1,625,000 common shares while retaining a 2.5% NSR on precious metal products and 1.75% NSR on base metal products. The transaction details as below:

| Due date                                                                    | Cash            | Common shares      |
|-----------------------------------------------------------------------------|-----------------|--------------------|
| Upon the closing date (December 24, 2021)                                   | \$25,000 (paid) | 500,000 (received) |
| On or before the first anniversary of the closing date (December 24, 2022)  | \$37,500 (paid) | 550,000 (received) |
| On or before the second anniversary of the closing date (December 24, 2023) | \$50,000        | 575,000            |

On October 1, 2021, the Company received the payment of \$50,000 for granting an exclusivity period of 60 days from October 1, 2021, to complete its due diligence on the Suaqui Verde property.

On January 11, 2023, the Company received additional 550,000 shares of Southern Empire Resources Corp. with a fair market value of \$55,000 as per the option agreement for the Suaqui Verde property. Refer to Note 9 (f) for additional details.

(g) 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 year ended September 30, 2021, the Company obtained ownership of the properties of Llano del Nogalo and El Valle. In 2022, the El Pima property was sold to an unrelated party for \$50,000.

(h) La Union, Sonora, Mexico

The Company has a 100% exploration concession interest in the La Union Property.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

On May 5, 2022, the Company entered into an Exploration Earn-In Agreement (the “Agreement”) with Minera Hochschild Mexico, S.A. de C.V. (“Hochschild”), a wholly-owned subsidiary of Hochschild Mining PLC where Hochschild could earn up to a 75% interest in Riverside’s 100% owned La Union Gold Project (the “Project”).

On July 18, 2022, Hochschild terminated the Exploration Earn-In Agreement for the La Union project, by undertaking the costs of reclamation works and the federal annual concession maintenance fees due prior to October 16, 2022.

## (i) 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.

On October 28, 2021, the Company entered into a Definitive Option Agreement with Golden Retriever Minerals Ltd. (“Golden Retriever”) whereby Golden Retriever could acquire a 100% interest in the High Lake Property, by paying \$125,000 in cash while retaining a 2% NSR. The transaction details as below:

- \$50,000 was paid to Riverside on closing date of October 28, 2021.
- \$75,000 was paid to Riverside on September 14, 2022.
- Riverside would be granted a 2% NSR on each of the Royal, Canoe and Electrum Projects. Each of the royalty granted on each project can be bought down to 1% for a total of \$2,000,000 for a determined period of time.

## (j) Southern British Columbia, Canada

On May 3, 2023, the Company signed a Letter Agreement (LA) wherein the Company may acquire up to 100% interest in the Elly-Anika and Chilco projects located in British Columbia, Canada. Under the LA, the Company is granted a sole and exclusive right and option to acquire up to 100% interest in the said property by making the following cash payments and incurring the following exploration expenditures as follows:

| Due date                                               | Cash            | Exploration expenditures |
|--------------------------------------------------------|-----------------|--------------------------|
| Upon the date of LA (May 3, 2023)                      | \$10,000 (paid) | -                        |
| On the first anniversary of the LA date (May 3, 2024)  | \$15,000        | 20,000                   |
| On the second anniversary of the LA date (May 3, 2025) | \$30,000        | 20,000                   |

## 10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of payables to vendors. The breakdowns of accounts payable and accrued liabilities are as follows:

|                     | June 30,<br>2023 | September 30,<br>2022 |
|---------------------|------------------|-----------------------|
| Payables to vendors | \$ 91,330        | \$ 238,441            |



# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

## 11. Exploration advances

Exploration advances are connected to the BHP, Carlyle and Hochschild projects.

|                       | June 30,<br>2023 | September 30,<br>2022 |
|-----------------------|------------------|-----------------------|
| Exploration advances* | \$ 179,858       | \$ 2,723,531          |

### Exploration Financing Agreement (the "EFA") Program with BHP

On May 15, 2019, the Company entered into a two-year Sonora Mexico Exploration Financing Agreement ("EFA") with BHP Exploration Chile SpA ("BHP") for funding of generative exploration in the copper producing belt of Mexico (the "EFA Program"). The agreement was extended in May of 2021 for an additional year. The terms of the agreement were for a base amount of generative funding annually with additional funds to be committed on a project-by-project basis. At the year end all generative funds committed to and funded by BHP under the EFA Program had been spent and totaled US\$3,300,000.

On April 11, 2022, the Company signed an option agreement with Orogen Royalties Corp. ("Orogen") to acquire 100% interest in the Llano de Nogal copper project (the "Project") in Sonora, Mexico as a new property acquisition within the EFA Program. The EFA Program is structured such that the Company can earn up to 20% and BHP can earn up to 80% in the Project as laid out in the financing agreement dated on May 15, 2019, which in this specific third-party property option case by making cash payments of US\$2,480,000 and US\$5,000,000 in exploration expenditures subject to the following schedule which would give BHP-Riverside 100% ownership of the tenure, subject to NSRs:

| Due date              | Cash (in USD) | Cumulative exploration expenditures (in USD) |
|-----------------------|---------------|----------------------------------------------|
| April 11, 2022 (paid) | \$30,000      | -                                            |
| April 11, 2023 (paid) | \$50,000      | \$500,000                                    |
| April 11, 2024        | \$50,000      | \$1,300,000                                  |
| April 11, 2025        | \$100,000     | \$2,000,000                                  |
| April 11, 2026        | \$200,000     | \$3,000,000                                  |
| April 11, 2027        | \$300,000     | \$4,000,000                                  |
| April 11, 2028        | \$1,750,000   | \$5,000,000                                  |

During the option period, Orogen and the Company would jointly have the right to exercise and retain any Net Smelter Return ("NSR") royalty buydown rights with respect to the Suanse claims (0.5% NSR royalty for \$1,000,000) and the Coyotes claims (1.5% NSR royalty for US\$1,500,000). During the year ended September 30, 2022, the Company received USD\$30,000 under the terms of the agreement indicated above (2021 - \$nil).

Once the option is exercised on Llano de Nogal, the optionee will grant to Orogen a 1% production royalty, of which 0.5% can be purchased for US\$10,000,000 within 10 years of the exercise date.

The Company's mineral concessions at the current time are still controlled by the Company but may be added to BHP's earn in interest in the future. Currently, the Company controls these 100% for Llano de Nogal of Riverside.

On April 12, 2022, the Company received US\$1,193,736 as exploration advances from BHP for the Llano de Nogal Project for the exploration activities from April 2022 to March 2023. During the period ended June 30, 2023, this amount has been fully spent.

On May 31, 2023, the Company was notified that BHP will no longer continue the EFA program. Subsequently, the Company formally notified Orogen regarding the non-renewal and terminated the Llano de Nogal option agreement with Orogen.

During the period ended June 30, 2023, the Company recognized and received \$144,653 (September 30, 2022 - \$269,760) as operational fee recovery relating to activities of the EFA Program.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

---

During the period ended June 30, 2023, the Company recognized \$115,934 (September 30, 2022 - \$146,562) for the rental vehicles and exploration equipment recovery as other income from the EFA Program.

## 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, 2023

There were no shares issued for the nine months ended June 30, 2023.

#### Shares issued for the year ended September 30, 2022

On February 15, 2022, the Company completed its non-brokered private placement of flow-through shares for gross proceeds of 720,475. The Company issued 3,430,833 flow-through shares at a price of \$0.21 per share. No share issuance cost incurred for this financing. A flow-through premium liability of \$171,541 was recognized with respect to these flow-through shares. During the year ended September 30, 2022, \$162,734 flow-through premium liability was amortized and settled in connection with the related flow-through expenditures made, thereby leaving a balance of \$8,808 in flow-through premium liability.

### Share purchase and finders' warrants

There were no activities that occurred during the nine months period ended June 30, 2023.

### 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, 2023, nil bonus shares (September 30, 2022 - nil) 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 period ended June 30, 2023, using the Black-Scholes option pricing model was \$nil (September 30, 2022 - \$99,963), of which \$nil 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:

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

|                                 | June 30,<br>2023 | September 30,<br>2022 |
|---------------------------------|------------------|-----------------------|
| Forfeiture rate                 | N/A              | 15%                   |
| Estimated risk-free rate        | N/A              | 1.12%                 |
| Expected volatility             | N/A              | 88.29%                |
| Estimated annual dividend yield | N/A              | 0.00 %                |
| Expected life of options        | N/A              | 5.00 years            |
| Fair value per option granted   | N/A              | \$ 0.15               |

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

|                                         | Number of<br>options | Weighted average<br>exercise price |
|-----------------------------------------|----------------------|------------------------------------|
| Outstanding options, September 30, 2021 | 4,383,000            | \$ 0.23                            |
| Expired                                 | (935,000)            | \$ 0.32                            |
| Granted                                 | 2,000,000            | \$ 0.15                            |
| Forfeited                               | (710,000)            | \$ 0.15                            |
| Outstanding options, September 30, 2022 | 4,738,000            | \$ 0.20                            |
| Expired                                 | (578,000)            | \$ 0.21                            |
| Forfeited                               | (100,000)            | \$ 0.18                            |
| Outstanding options, June 30, 2023      | 4,060,000            | \$ 0.19                            |

During the nine months ended June 30, 2023, 100,000 stock options were forfeited and 578,000 stock options expired unexercised.

During the year ended September 30, 2022, 710,000 stock options were forfeited and 935,000 stock options expired unexercised.

On November 17, 2021, the Company granted 1,000,000 incentive stock options (the "Options") to certain directors, officers, and 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 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 September 2, 2022, the Company granted 1,000,000 incentive stock options (the "Options") to certain directors, officers, and consultants of the Company. The Options are exercisable at \$0.13 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, 2023, the Company has outstanding stock options exercisable as follows:

| Expiry date<br>(mm-dd-yyyy) | Number of<br>options<br>outstanding | Weighted average<br>remaining life<br>in years | Exercise<br>price | Number of<br>options<br>exercisable |
|-----------------------------|-------------------------------------|------------------------------------------------|-------------------|-------------------------------------|
| 01-08-2024                  | 465,000                             | 0.53                                           | \$ 0.13           | 465,000                             |
| 11-15-2024                  | 715,000                             | 1.38                                           | \$ 0.11           | 715,000                             |
| 03-27-2025                  | 50,000                              | 1.74                                           | \$ 0.12           | 50,000                              |
| 10-19-2025                  | 1,050,000                           | 2.31                                           | \$ 0.30           | 1,050,000                           |
| 11-17-2026                  | 780,000                             | 3.39                                           | \$ 0.16           | 780,000                             |
| 09-02-2027                  | 1,000,000                           | 4.18                                           | \$ 0.13           | 625,000                             |
|                             | 4,060,000                           |                                                |                   | 3,685,000                           |

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

## 13. Related party transactions

The Company had the following transactions with related parties:

| Payee / Payer                  | Nature of transactions                           | Period ending March 31, | Fees (\$)          | Amount payable (receivable) at period end (\$) |
|--------------------------------|--------------------------------------------------|-------------------------|--------------------|------------------------------------------------|
| Arriva Management Inc.         | Management and consulting fees (i)               | 2023<br>2022            | 175,500<br>174,600 | Nil<br>Nil                                     |
| GSBC Financial Management Inc. | Management and consulting fees (i)               | 2023<br>2022            | 72,000<br>72,000   | Nil<br>Nil                                     |
| FT Management Inc.             | Management and consulting fees (i) and Rent (ii) | 2023<br>2022            | 133,200<br>133,200 | Nil<br>Nil                                     |
| Omni Resource Consulting Ltd.  | Consulting fees (i)                              | 2023<br>2022            | 74,500<br>51,000   | Nil<br>Nil                                     |
| Brian Groves                   | Director fees                                    | 2023<br>2022            | 1,000*<br>9,000    | Nil<br>Nil                                     |
| Carol Ellis                    | Director fees                                    | 2023<br>2022            | -<br>6,000         | Nil<br>Nil                                     |
| Wendy Chan                     | Director fees                                    | 2023<br>2022            | 9,000<br>3,000     | Nil<br>Nil                                     |
| Walter Henry                   | Director fees                                    | 2023<br>2022            | 9,000<br>9,000     | Nil<br>Nil                                     |
| James Ladner                   | Director fees                                    | 2023<br>2022            | 3,130<br>-         | Nil<br>Nil                                     |

The remuneration of related parties during the period ended June 30, 2023, and 2022 are as follows:

|                                    | 2023              | 2022              |
|------------------------------------|-------------------|-------------------|
| Directors' fees                    | \$ 22,130         | \$ 27,000         |
| Management and consulting fees (i) | 455,200           | 387,150           |
| Share-based payments               | 41,237            | 61,666            |
|                                    | <u>\$ 518,567</u> | <u>\$ 475,816</u> |

\* Deceased

(i) Management and consulting fees of the key management personnel for the nine months ended June 30, 2023, were allocated as follows: \$170,550 (2022 - \$170,550) expensed to consulting fees, \$165,500 (2022 - \$154,500) capitalized to exploration and evaluation assets and \$75,500 (2022 - \$62,100) capitalized to exploration work performed for alliances that will be reimbursed.

(ii) During the nine months ended June 30, 2023, the Company incurred rent expense of \$43,650 (2022 - \$43,650) for shared office spaces with FT Management Inc., a company controlled by spouses of officers of the Company.

## 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:

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

|                                   | June 30,<br>2023 | September 30,<br>2022 |
|-----------------------------------|------------------|-----------------------|
| Equipment                         |                  |                       |
| Canada                            | \$ 2,828         | \$ 3,373              |
| Mexico                            | 146,151          | 164,754               |
|                                   | <u>148,979</u>   | <u>168,127</u>        |
| Exploration and evaluation assets |                  |                       |
| Canada                            | 1,973,069        | 1,656,935             |
| Mexico                            | 3,969,484        | 6,050,893             |
|                                   | <u>5,942,553</u> | <u>7,707,828</u>      |
| Total                             | \$ 6,091,532     | \$ 7,875,955          |

## 15. Supplemental disclosure with respect to cash flows

|                  | June 30,<br>2023    | September 30,<br>2022 |
|------------------|---------------------|-----------------------|
| Cash             | \$ 7,556,656        | \$ 6,786,697          |
| Cash equivalents | 139,605             | 136,483               |
|                  | <u>\$ 7,696,262</u> | <u>\$ 6,923,180</u>   |

The significant non-cash transactions for the period ended June 30, 2023, were as follow:

- a) Included in accounts payable was \$298,834 in exploration and evaluation asset expenditures.
- b) The Company received 550,000 Southern Empire shares valued at \$55,000 as exploration and evaluation assets recoveries (Note 9)
- c) The Company received 500,000 Carlyle Commodities Corp. shares valued at \$50,000 as debt settlement (Note 4)

The significant non-cash transactions for the year ended September 30, 2022, were as follows:

- a) Included in accounts payable was \$299,901 in exploration and evaluation asset expenditures.
- d) The Company received 500,000 Carlyle shares valued at \$15,000 as exploration and evaluation recoveries (Note 9).
- e) The Company received 500,000 Southern Empire shares valued at \$55,000 as exploration and evaluation assets recoveries (Note 9).

## 16. Capital management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, 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. 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. The Company is not currently subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period ended June 30, 2023.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

---

## 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 cash and cash equivalents, receivables, accounts payable, and government loan approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's public company short-term investments is based on level 1 quoted prices in active markets for identical assets and liabilities. Financial instruments valued at level 3 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.

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. 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, 2023, the Company had cash and cash equivalents of \$7,696,262 to settle current liabilities of \$1,543,407. 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, 2023, 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 4). There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2023

(Unaudited - Expressed in Canadian Dollars)

---

## *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 \$453,945.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 5% fluctuation in share prices would affect short-term investments and profit or loss for the period by approximately \$8,357.

## **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.

At June 30, 2023, the Company adjusted the provisional liability to \$1,272,219 (September 30, 2022 - \$1,117,637) as a result of the foreign exchange movement. The Company is currently negotiating with the tax authority on a settlement.