
RILEY RESOURCES CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2017 and 2016
(Unaudited)
(Expressed in Canadian Dollars)

RILEY RESOURCES CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited - Expressed in Canadian Dollars)

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	\$ 425,716	\$ 245,916
Prepaid expenses	10,118	1,617
Taxes receivable	3,070	946
	<u>438,904</u>	<u>248,479</u>
Exploration and evaluation assets (Note 3)	<u>85,274</u>	<u>53,479</u>
	<u>\$ 524,178</u>	<u>\$ 301,958</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ <u>473</u>	\$ <u>14,167</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	614,431	342,387
Contributed surplus	73,393	73,393
Deficit	<u>(164,119)</u>	<u>(127,989)</u>
	<u>523,705</u>	<u>287,791</u>
	<u>\$ 524,178</u>	<u>\$ 301,958</u>

These condensed interim financial statements were approved for issue by the Audit Committee of the Board of Directors on November 14, 2017 and are signed on its behalf by:

Approved by the Board "Todd Hilditch", Director "Cyndi Laval", Director

RILEY RESOURCES CORP.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Unaudited - Expressed in Canadian Dollars)

	Three month Period Ended September 30, 2017	Three month Period Ended September 30, 2016	Nine month Period Ended September 30, 2017	Nine month Period Ended September 30, 2016
EXPENSES				
Bank charges and interest	\$ 80	\$ 9	\$ 311	\$ 228
Consulting	250	250	750	1,000
Insurance	2,982	-	3,976	-
Office supplies and rent	1,457	1,575	4,500	5,086
Professional fees	161	258	11,023	10,076
Shareholder reporting	1,092	271	3,167	807
Transfer agent and filing fees	2,429	3,061	12,403	10,373
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COMPREHENSIVE LOSS FOR THE PERIOD	<u>(8,451)</u>	<u>(5,424)</u>	<u>(36,130)</u>	<u>(27,570)</u>
LOSS PER SHARE, BASIC AND DILUTED	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	<u>10,861,755</u>	<u>7,050,001</u>	<u>9,026,685</u>	<u>7,050,001</u>

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

RILEY RESOURCES CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares		Capital		Contributed Surplus		Deficit		Total Equity
Balance, December 31, 2015	7,050,001	\$	346,028	\$	73,393	\$	(92,297)	\$	327,124
Share issuance costs	-		(3,641)		-		-		(3,641)
Net loss for the period	-		-		-		(27,570)		(27,570)
Balance, September 30, 2016	7,050,001	\$	342,387	\$	73,393	\$	(119,867)	\$	295,913
Balance, December 31, 2016	7,050,001	\$	342,387	\$	73,393	\$	(127,989)	\$	287,791
Common shares issued for cash (Note 4)	3,631,754		272,794		-		-		272,794
Share issuance costs	-		(750)		-		-		(750)
Net loss for the period	-		-		-		(36,130)		(36,130)
Balance, September 30, 2017	10,681,755	\$	614,431	\$	73,393	\$	(164,119)	\$	523,705

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

RILEY RESOURCES CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Unaudited - Expressed in Canadian Dollars)

	2017	2016
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (36,130)	\$ (27,570)
Changes in non-cash working capital accounts		
Prepaid expenses	(8,501)	(2,167)
Taxes receivable	(2,124)	1,740
Accounts payable and accrued liabilities	(9,156)	(3,014)
	<u>(55,911)</u>	<u>(31,011)</u>
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	<u>(36,333)</u>	<u>-</u>
FINANCING ACTIVITIES		
Issuance of shares, net	<u>272,044</u>	<u>(3,641)</u>
NET CHANGE IN CASH	179,800	(34,652)
CASH, BEGINNING OF PERIOD	<u>245,916</u>	<u>329,100</u>
CASH, END OF PERIOD	<u>\$ 425,716</u>	<u>\$ 294,448</u>

SUPPLEMENTAL CASH FLOW INFORMATION (Note 8)

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

RILEY RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Riley Resources Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 3, 2011. The Company's registered office is located at Suite 2390 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. On January 8, 2015, the Company completed its initial public offering of 2,000,000 common shares at \$0.10 per share for gross cash proceeds of \$200,000 and has listed its common shares on the TSX Venture Exchange ("TSXV", or the "Exchange") under the trading symbol RLY.

On October 13, 2016, the Company entered into an exploration and option agreement with MSM Resource L.L.C. ("MSM") to acquire MSM's undivided interest in the East Manhattan Wash property (Note 3). The transaction received final approval of the TSXV on March 29, 2017. As a result, the Company became a Tier 2 TSXV mining issuer.

The Company is a precious metals exploration company engaged in the acquisition and exploration of mineral properties. The Company currently has exploration properties in the United States of America. To date, no mineral development projects have been completed and no commercial development or production has commenced.

The Company is primarily in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development programs and ultimately upon future profitable production.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company's condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim statements, including IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's annual financial statements for the year ended December 31, 2016. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016 which have been prepared according to IFRS as issued by the IASB. The Audit Committee of the Board of Directors authorized for publication the condensed interim financial statements on November 14, 2017.

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2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) New IFRS standards not yet adopted

- (i) *IFRS 9 - Financial Instruments*. IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for the Company's accounting periods beginning on January 1, 2018. Management is currently assessing the impact of this new standard on the Company's accounting policies and financial statement presentation.
 - (ii) *IFRS 15 Revenue from contracts with customers*. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.
 - (iii) *IFRS 16 Leases*. In January 2016, the IASB issued IFRS 16 which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.
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3. EXPLORATION AND EVALUATION ASSETS

On October 13, 2016, the Company entered into an exploration and option agreement (the "Agreement") with MSM Resource L.L.C. ("MSM"), pursuant to which the Company has been granted an option to acquire MSM's undivided interest in the East Manhattan Wash (the "Property"), located in Nye County, Nevada and is comprised of 6 unpatented lode mining claims controlled by MSM.

Pursuant to the terms of the Agreement, in order to earn MSM's interest in the Property, the Company must: pay to MSM lease payments in the aggregate of \$57,500 as follows:

- \$5,000 cash upon execution of the agreement (paid);
- \$7,500 before the first anniversary date of TSXV final approval of filing QT, March 29, 2018 (the "Anniversary") ;
- \$10,000 before the second Anniversary;
- \$15,000 before the third Anniversary; and
- \$20,000 before the fourth Anniversary.

Work commitments in the aggregate of \$550,000 must be met as follows:

- \$50,000 before the first Anniversary;
- \$50,000 before the second Anniversary;
- \$100,000 before the third Anniversary;
- \$150,000 before the fourth Anniversary; and
- \$200,000 before the fifth Anniversary.

In addition, the Company must grant MSM a 3% net smelter return royalty on the Property, and finally must pay MSM an additional lump sum payment of \$200,000 within five years from signing the Agreement.

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3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Exploration and evaluation asset activity during the year:

	Period Ended September 30, 2017	Activity	Year Ended December 31, 2016	Activity	Year Ended December 31, 2015
EAST MANHATTAN WASH PROPERTY					
Property acquisition costs and option payments	\$ 63,993	\$ 27,191	\$ 36,802	\$ 36,802	\$ -
Property maintenance costs	1,208	1,208	-	-	-
Engineering and consulting	18,245	2,397	15,848	15,848	-
Communications, field supplies and expenses	1,828	999	829	829	-
TOTAL EXPLORATION AND EVALUATION ASSETS	\$ 85,274	\$ 31,795	\$ 53,479	\$ 53,479	\$ -

4. SHARE CAPITAL

(a) Authorized

At September 30, 2017, the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

Pursuant to an escrow agreement, 5,991,494 common shares will be held in escrow. 10% of these shares were released from escrow on the TSXV's acceptance of the qualifying transaction ("Initial Release"). An additional 15% will be released every 6 months over a 36 month period following the Initial Release. At September 30, 2017, there are 4,493,621 shares remaining in escrow. The escrow shares may not be transferred, assigned or otherwise dealt without the consent of the securities regulatory authorities.

(b) Reconciliation of changes in share capital

- (i) On March 16, 2017, the Company completed a private placement of 3,615,254 common shares at a price of \$0.075 per common share for total gross proceeds of \$271,143.

(c) Share Purchase Warrants

A summary of the Company's share purchase warrants and the changes for the period ending September 30, 2017 and the year ended December 31, 2016 is as follows:

	Number of Warrants	Weighted average exercise price
As at December 31, 2016	200,000	\$ 0.10
Granted	-	-
Exercised	(16,500)	0.10
Expired	(183,500)	0.10
As at September 30, 2017	-	\$ -

During the period ended September 30, 2017, 16,500 warrants were exercised and 183,500 warrants expired without exercise.

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4. SHARE CAPITAL (Cont'd)

(d) Stock Options

The Company has adopted a stock option plan (the "Plan"), under which stock options may be awarded to directors, officers, employees and consultants at the discretion of the Board of Directors. Stock options awarded under the Plan may be exercisable for up to ten years at exercise prices determined by the Board of Directors at the time of award. The Plan provides for 705,000 common shares to be reserved for stock option awards upon completion of the Company's initial public offering.

A summary of the Company's stock options and the changes for the period ending September 30, 2017 and the year ended December 31, 2016 is as follows:

	Number of Options	Weighted average exercise price
As at September 30, 2017	705,000	\$ 0.10

A summary of the Company's stock options as at September 30, 2017 is as follows:

Number Outstanding	Exercise Price	Expiry Date
705,000	\$ 0.10	January 8, 2025

5. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities:

- Fair value**
The carrying value of cash and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.
- Credit risk**
Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

6. CAPITAL RISK MANAGEMENT

The Company manages, as capital, the components of shareholders' equity and its cash. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow or adjust the amount of cash. The Company does not anticipate the payment of dividends in the foreseeable future.

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7. RELATED PARTY DISCLOSURES

As at September 30, 2017, \$Nil (December 31, 2016 - \$2,143) is included in accounts payable and accrued liabilities which is payable to a law firm in which a director is a partner and to a director.

During the period ended September 30, 2017, \$28,065 (September 30, 2016 - \$2,497) was billed to the Company by a law firm in which a director is a partner.

8. SUPPLEMENTAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the condensed interim statements of cash flows:

As at September 30, 2017, exploration and evaluation expenditures incurred of \$Nil (December 31, 2016 – \$4,538) are included under accounts payable and accrued liabilities.

9. COMPARATIVE FIGURES

Certain of the 2016 comparative figures have been reclassified to conform to current presentation.