



**FORM 2B
LISTING APPLICATION**

**CAPITAN MINING INC.
("Capitan")**

**Application for Listing of the Common Shares of Capitan
on the TSX Venture Exchange**

July 31, 2020

No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this application

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Item 2: Glossary

Information Incorporated by Reference

Information has been incorporated by reference in this Listing Application from the Technical Report (as defined below) filed under Capitan's profile on SEDAR, found at <http://sedar.com>.

In this Listing Application, the following capitalized words and terms shall have the following meanings:

Arrangement	The arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of the Arrangement Agreement and the Plan of Arrangement.
Arrangement Agreement	The arrangement agreement dated as of February 24, 2020 between Riverside and Capitan, as may be supplemented or amended from time to time.
Arrangement Provisions	Part 9, Division 5 of the BCBCA.
Audit Committee	The audit committee of Capitan.
BCBCA	The <i>Business Corporations Act</i> , S.B.C. 2002, c. 57, as amended.
Capitan	Capitan Mining Inc., a company incorporated pursuant to the laws of British Columbia.
Capitan Board	The duly appointed board of directors of Capitan.
Capitan Financing	A private placement by Capitan of Capitan securities to raise gross proceeds of at least \$3,000,000 and up to \$4,000,000, or such other amount as the Capitan Board may determine, on terms acceptable to Capitan, in order to allow Capitan to satisfy the initial listing requirements of the TSXV.
Capitan Options	The share purchase options issued pursuant to the Capitan Stock Option Plan, including the Capitan Options pursuant to section 3.1(d) of the Plan of Arrangement.
Capitan Shareholder	A holder of Capitan Shares.
Capitan Shares	The common shares without par value which Capitan is authorized to issue as the same are constituted on the date hereof.
Capitan Spinout Shares	The 17,500,000 Capitan Shares to be issued to Riverside on or before the Effective Date to complete the acquisition of the Peñoles Property and to be distributed to the Riverside Shareholders pursuant to the Plan of Arrangement.
Capitan Stock Option Plan	The stock option plan adopted by Capitan as more particularly set forth in the Information Circular.
Effective Date	The date of the closing of the Arrangement.
Effective Time	12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as agreed to in writing by Riverside and Capitan.
Listing Application	This listing application.
NI 43-101	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
Peñoles Property	The mineral exploration property in Mexico which on the Effective Date will be owned indirectly by Capitan and known as the Peñoles Property.
Person or person	Is and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof.
Plan of Arrangement	The plan of arrangement attached as Exhibit I to the Arrangement Agreement, as the same may be amended from time to time.
Riverside	Riverside Resources Inc., a company incorporated pursuant to the laws of British Columbia.
Riverside Optionholders	The holders of Riverside Options on the Effective Date

Riverside Options	Options to acquire Riverside Shares, including options under the terms of which are deemed exercisable for Riverside Shares, that are outstanding immediately prior to the Effective Time
Riverside Shares	The common shares without par value which Riverside is authorized to issue as the same are constituted on the date hereof.
Riverside Shareholder	A holder of Riverside Shares.
Riverside Warrants	The share purchase warrants of Riverside exercisable to acquire Riverside Shares, including warrants under the terms of which are deemed exercisable for Riverside Shares, that are outstanding immediately prior to the Effective Time
Securities Legislation	The securities legislation of the provinces and territories of Canada, the U.S. Exchange Act and the U.S. Securities Act, each as now enacted or as amended, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the TSXV.
SEDAR	System for Electronic Document Analysis and Retrieval at www.SEDAR.com .
Subsidiary	Is, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary.
Tax Act	The <i>Income Tax Act</i> (Canada) and the regulations made thereunder, as promulgated or amended from time to time.
Technical Report	The NI 43-101 technical report dated January 12, 2020, prepared by Derrick Strickland, P. Geo. and Robert Sim, P. Geo., titled “NI 43-101 Technical Report on the Peñoles Gold-Silver Project Durango Mexico at 104° 31’ 45’ Longitude and 25° 39’ 01’ “ with an effective date of January 12, 2020.
TSXV	TSX Venture Exchange Inc.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

Item 3: Summary

The following is a summary of the principal features of this listing of securities of Capitan and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Application. This Summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein. Unless otherwise specified, the information in this Listing Application has been prepared on a pro forma basis assuming completion of the Arrangement and the Capitan Financing. Unless otherwise indicated, all currency amounts are stated in Canadian dollars. Capitalized terms used in this Summary are defined in the Glossary of Terms.

The Principal Business of Capitan and its Subsidiary

Following completion of the Arrangement, Capitan will, through its Mexican subsidiary Rios de Suerte S.A. de C.V., own the Peñoles Property. Capitan intends to operate as a gold and silver exploration and development company and will continue to advance its Peñoles Property and seek other mining assets. The Peñoles Property is a gold/silver project situated in the Peñoles Mining District of Durango, Mexico. See “Item 5 – Description of the Business - Peñoles Property” in this Listing Application for further details regarding the Peñoles Property.

Securities to be listed

Upon completion of the Arrangement and related transactions, including the Capitan Financing, there will be 32,500,000 to 37,500,000 Capitan Shares outstanding. This consists of the 17,500,000 Capitan Spinout Shares and

15,000,000 to 20,000,000 Capitan Shares to be issued upon completion of the Capitan Financing at a price of \$0.20 per Capitan Share for gross proceeds of \$3,000,000 to \$4,000,000.

Funds Available and Use of Proceeds

As at the date hereof, Capitan has a working capital deficiency of approximately \$984,747 resulting in funds available of a minimum of \$2,015,253 and a maximum of \$3,015,253.

Capitan intends to use the funds available for the following purposes:

	Minimum Capitan Financing	Maximum Capitan Financing
Offering and transaction expenses ⁽¹⁾	\$149,000	\$149,000
Phase 1 exploration program on the Peñoles Property ⁽²⁾	\$500,000	\$500,000
Estimated general and administrative costs for the 12 month period subsequent to the completion of the Capitan Financing	\$515,000	\$515,000
Unallocated working capital	\$851,253	\$1,851,253
Total	\$2,015,253	\$3,015,253

(1) Offering and transaction expenses consist of finder's fees, legal fees, TSXV listing fees, transfer agent fees and other miscellaneous costs. Capitan will pay a cash finder's fee to Red Cloud Securities Inc. ("**Red Cloud**") on a portion of the Capitan Financing, equal to 7% of funds raised by Red Cloud. Capitan will also issue warrants to Red Cloud. See "*Item 9 – Disclosure of Outstanding Security Data on Fully Diluted Basis*" for details of the warrants.

(2) See "*Item 5 – Description of the Business – Peñoles Property – Conclusions and Recommendations*" for further details.

Risk Factors

There are risks associated with the businesses of Capitan, including but not limited to: (i) the need for additional capital by Capitan, through financings and the risk that such funds may not be raised; (ii) the speculative nature of exploration and the stages of the properties or assets of Capitan; (iii) the effect of changes in commodity prices; (iv) regulatory risks that development will not be acceptable for social, environmental or other reasons; (v) reliance on management; (vi) the potential for conflicts of interest; and (vii) other risks associated with Capitan as described in "*Item 21 – Risk Factors*" of this Listing Application.

Financial Information

Capitan Audited Financial Information

The following table sets out selected audited financial information in respect of Capitan as at March 31, 2020 and should be considered in conjunction with the more complete information contained in the audited balance sheet of Capitan appended as Schedule "A" to this Listing Application.

	March 31, 2020 (\$)
Current assets	54,397
Mineral property interests	Nil
Total Assets	54,397
Total liabilities	40,603
Capitan Shareholders' equity	13,794
Total Liabilities and Shareholder's Equity	54,397

The following table sets out selected audited consolidated financial information in respect of Capitan as of March 31, 2020 and should be read in conjunction with the more complete information provided in the audited consolidated statement of loss and comprehensive loss of Capitan appended as Schedule “A” to this Listing Application.

	Incorporation (October 30, 2019) to March 31, 2020 (\$)
Net Loss	(28,146)
Comprehensive Loss	(44,207)
Loss per Share (basic and diluted)	(28,146)

Item 4: Corporate Structure

Capitan was incorporated under the BCBCA on October 30, 2019. No material amendments have been made to Capitan’s articles or other constating documents since its incorporation.

Capitan’s head and principal business address are all located at Suite 550 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6. Capitan’ registered office address is located at Suite 550 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6.

As at the date of this Listing Application, Capitan does not have any of its securities listed or quoted on any stock exchange. Following completion of the Arrangement, Capitan will be a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Capitan currently has one subsidiary, Rios de Suerte S.A. de C.V., a Mexican corporation which, upon completion of the Arrangement, will hold the Peñoles Property.

Item 5: Description of the Business

Following completion of the Arrangement, Capitan will, through its Mexican subsidiary Rios de Suerte S.A. de C.V., own the Peñoles Property. Capitan intends to operate as a gold and silver exploration and development company and will continue to advance its Peñoles Property and seek other mining assets. The Peñoles Property is a gold/silver project situated in the Peñoles Mining District of Durango, Mexico. See “*Peñoles Property*” below for further details regarding the Peñoles Property.

General Development of the Business – Three Year History

Capitan was incorporated on October 30, 2019 and has had no business operations to date. Prior to or concurrently with completion of the Arrangement, Capitan will complete the acquisition of the Peñoles Property from Riverside in consideration of \$3,500,000 paid by the issuance of Capitan Spinout Shares, and also intends to complete the Capitan Financing.

Trends

Management is not aware of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on Capitan’ business, financial condition or results of operations as at the date of this Listing Application, except as otherwise disclosed herein or except in the ordinary course of business.

Peñoles Property

Capitan’s only material property will be the Peñoles Property for which disclosure is provided below.

The following disclosure regarding the Peñoles Property is derived from the NI 43-101 technical report prepared by Derrick Strickland, P. Geo. and Robert Sim, P. Geo., titled “NI 43-101 Technical Report on the Peñoles Gold-Silver Project Durango Mexico at 104° 31’ 45’ Longitude and 25° 39’ 01’” with an effective date of January 12, 2020 (the “**Technical Report**”). The Technical Report is incorporated by reference herein and is available under Capitan’s profile on SEDAR.

Mr. Derrick Strickland, P. Geo. and Mr. Robert Sim, P. Geo., authors of the Technical Report, are the qualified persons for the purposes of NI 43-101, and have reviewed and approved the scientific and technical information contained herein related to the Peñoles Property.

Summary

Riverside Resources Inc. (“**Riverside**”) and its wholly owned subsidiary Capitan Mining Inc. (“**Capitan**”) retained Derrick Strickland, P. Geo. and Robert Sim, P. Geo. of SIM Geological Inc. (“**SGI**”) to provide updated mineral resource estimate for the mineralized zones located on the Peñoles Project. They are both responsible for the preparation of this technical report on the Peñoles Project, and has been prepared in accordance with National Instrument 43-101 (“**NI 43-101**”).

The Peñoles Project is easily accessible and is located approximately 170 km, by road, west of the city of Torreón, Coahuila State, Mexico. The centre of the Peñoles Project is located approximately 180 km north-northeast of the city of Durango, and 50 km north of the town of Rodeo in the Municipality of San Pedro del Gallo, Durango State, Mexico.

The Peñoles Project includes two historic silver mines (Jesus Maria and San Rafael), an oxide gold prospect (El Capitan) and several exploration targets located in the historic Peñoles Mining District, in Durango State, Mexico. Historic mine workings, surface trenching and diamond drilling have partially delineated several precious metal-enriched epithermal-type vein systems, poly-metallic skarns, and silicified breccia zones localized at or near the unconformity between Tertiary-age volcanoclastic rocks and Cretaceous-age sediments. To date, 87 diamond drill holes totalling approximately 11,559 m have been completed on the Peñoles Project tenures that Riverside Resources Inc. controls.

In 2008 and 2009, Riverside Resources Inc. acquired the Peñoles Project by purchasing two groups of concessions and staking two large surrounding concessions. The two groups of purchased concessions (the Altiplano Option and Guerrero Option) collectively cover the El Capitan prospect and the historic Jesus Maria and San Rafael mine workings. The two staked concessions (initially comprising 35,694.1 ha) currently comprise 6,612.1 ha and cover several early-stage exploration targets. The purchased concessions cover both the El Capitan prospect, and the historic mine workings and comprise a total of 259.8 hectares. All mineral titles are beneficially held by subsidiaries 100% owned by Riverside Resources Inc.

The only modern exploration work completed on the subject property consisted of a four-hole drill program completed by Aurcana Corporation (“**Aurcana**”) in 2004, and surface mapping, sampling, a limited geophysical induced polarization ground survey, and a five-hole drill program completed by Riverside Resources Inc. in 2008 and 2009. According to Daniels (2011), the drill holes completed by Aurcana and Riverside Resources Inc. returned encouraging results and suggested that El Capitan prospect had potential to host a bulk-tonnage, low-grade gold deposit. Preliminary metallurgical tests completed by Sierra Madre in 2011, using Riverside Resources Inc.’s drill core showed that the gold mineralization at El Capitan can be recovered using cyanide leaching.

Since March 2011, exploration work and drilling has been focused on the Jesus Maria Silver Zone and the El Capitan Gold Zone. The El Capitan and Jesus Maria deposits are south dipping, west- to west-northwest-trending mineralized zones located on the concessions purchased by Riverside Resources Inc. in 2008.

During 2011 and 2012, drilling at El Capitan encountered numerous intervals of gold mineralization ranging from apparent 50 m to 140 m width. Mineralization is localized along the unconformity between Tertiary-age volcanoclastic rocks and Cretaceous-age sediments. The upper part of the mineralized zone consists of porous, volcanic agglomerate cut by narrow quartz veinlets and hydrothermal breccias (averaging 0.2 g/t to 0.5 g/t Au). At the base of the volcanic unit, there is a shallow-dipping, 10 m to 35 m wide silicified zone (averaging 0.7 g/t to 1.5 g/t Au), and, below this zone, there is a sequence of oxidized shales that is also cut by quartz veinlets and hydrothermal breccias (averaging 0.2 g/t to 0.6 g/t Au) with low silver values.

The Jesus Maria prospect was initially considered to be a relatively narrow but high-grade vein-type target; however, drilling carried out in 2013 and 2014 encountered 20 m to 80 m wide intervals of predominantly silver-rich mineralization (with accessory gold and base-metal values) in the hanging wall of the zone that was mined historically. Based on the widths of mineralization, the Jesus Maria might be amenable to open-pit extraction methods. At their eastern limits, the deposits are separated by approximately 300 m; however, the mineralized zones are interpreted as merging to the west. Additional drilling between the western limit of the Jesus Maria deposit and the El Capitan deposit could connect the two zones and delineate additional mineralization.

Between 2012 and 2014, preliminary metallurgical test work carried out by Inspectorate Exploration & Mining Services Ltd. (“**Inspectorate**”) indicates that the gold and silver mineralization at Jesus Maria can be recovered by using flotation or whole-ore cyanide leaching. Preliminary metallurgical test work also indicates that gold mineralization at El Capitan can be recovered by using cyanide leaching.

The NI 43-101 resource estimates are based primarily on diamond drilling conducted by Morro Bay and previous operator Sierra Madre Developments Inc. between 2011 and 2014.

Mineral Resources

The mineral resource estimates have been generated from drill hole sample assay results, limited surface trench and underground drift channel samples, and the interpretation of geological models, which relate to the spatial distribution of gold and silver in the El Capitan and Jesus Maria deposits. Interpolation characteristics have been defined based on the geology, drill hole spacing, and geostatistical analysis of the data. The resources have been classified by their proximity to the sample locations and are reported, as required by NI 43-101, according to the CIM Definition Standards for Mineral Resources and Reserves (May, 2014).

Estimates are made from 3D block models based on geostatistical applications using commercial mine planning software (MinePlan® v15.6). The project limits are based in the UTM coordinate system using a nominal block size of 10 m x 5 m x 10 m, with the shorter blocks roughly perpendicular to the east-southeast-oriented strike direction of the deposits. The mineral resource estimate for the El Capitan Gold Zone is based on results from 50 diamond drill-core holes totalling 7,004 m of drilling. The mineral resource estimate for the Jesus Maria Silver Zone is based on results from 30 diamond drill-core holes totalling 3,114 m of drilling. Diamond drilling was conducted from surface drill stations in the hanging wall of the deposits. Holes are generally spaced at 40 m intervals and drilled to depths of between 100 m and 200 m below surface.

Both deposits are at a relatively early stage of evaluation with respect to drilling and, as a result, some assumptions have to be made using the available data. Classification at El Capitan is primarily influenced by the nature of gold in the deposit. Similarly, classification at Jesus Maria is primarily driven by the distribution of silver in the deposit. Visual observations and studies of indicator variogram ranges suggest that zones of continuous mineralization, above the base-case cut-off limits, can be inferred when drill holes are spaced at a maximum distance of 150 m. Therefore, blocks in the model within a maximum distance of 75 m from a drill hole have been included in the Inferred category.

Gold and silver mineralization occurs over relatively continuous zones for more than 500 m of strike length at Jesus Maria, and for more than 1,000 m of strike length at El Capitan. Floating cone pit shells, based on projected technical and economic parameters, suggest that mineralization to depths of 150 m below surface exhibits reasonable prospects for eventual economic extraction using open-pit extraction methods. The Mineral Resource statement for the El Capitan and Jesus Maria deposits is shown in Table 1. The resources are not constrained within pit shells but include mineralization, above cut-off, that is within a maximum depth of 150 m below surface. There are no adjustments for recovery or dilution in the statement of mineral resources. It is important to note that these are estimates of mineral *resources*, not mineral reserves, as the economic viability has not been demonstrated. It is reasonable to expect that a majority of mineral resources in the Inferred category will be upgraded to Indicated or Measured mineral resources with additional exploration.

Table 1: Inferred Mineral Resource Estimate

Deposit	ktonnes	Gold (g/t)	Silver (g/t)	Contained Gold (koz)	Contained Silver (koz)
El Capitan	20,722	0.458	2.8	305	1,832
Jesus Maria	7,573	0.105	62.3	26	15,158
Combined	28,295	0.364	18.7	331	16,990

Notes: “Base case” cut-off grade for El Capitan is 0.25 g/t Au, and for Jesus Maria is 30 g/t Ag
 Mineral resources occur within a maximum depth of 150 m below surface
 Resources are not mineral reserves as the economic viability has not been demonstrated

The base-case cut-off grades of 0.25 g/t Au at El Capitan and 30 g/t Ag at Jesus Maria are based on projected metal prices of \$1,500/oz Au and \$20/oz Ag. Variations in these projected prices will result in changes to the cut-off grades. The sensitivity of mineral resources to the cut-off grade is shown in Table 2 and Table 3.

Table 2: Sensitivity of El Capitan Mineral Resource to Gold Cut-Off Grade

Cut-Off Grade (Au g/t)	ktonnes	Au (g/t)	Ag (g/t)	Contained Gold (koz)	Contained Silver (koz)
0.15	33,101	0.362	2.0	385	2,150
0.20	27,388	0.401	2.3	353	2,043
0.25 (base case)	20,722	0.458	2.8	305	1,832
0.30	15,726	0.517	3.2	261	1,608
0.35	12,236	0.572	3.5	225	1,393
0.40	9,648	0.626	3.9	194	1,207
0.45	7,879	0.671	4.2	170	1,054
0.50	6,477	0.714	4.4	149	912

Notes: “Base case” cut-off grade of 0.25 g/t Au using a price of \$1,500/oz Au is highlighted in the table
Mineral Resources are not mineral reserves as the economic viability has not been demonstrated

Table 3: Sensitivity of Jesus Maria Mineral Resource to Silver Cut-Off Grade

Cut-Off Grade (Ag g/t)	ktonnes	Ag (g/t)	Au (g/t)	Contained Silver (koz)	Contained Gold (koz)
15	10,764	50.6	0.095	17,507	33
20	9,836	53.7	0.099	16,983	31
25	8,740	57.6	0.102	16,192	29
30 (base case)	7,573	62.3	0.105	15,158	26
35	6,425	67.6	0.109	13,960	23
40	5,493	72.7	0.113	12,840	20
45	4,566	78.9	0.120	11,577	18
50	3,896	84.3	0.124	10,561	16

Notes: “Base case” cut-off grade of 30 g/t Ag using a \$20/oz Ag price is highlighted in the table
Resources are not mineral reserves as the economic viability has not been demonstrated

Conclusions and Recommendations

In summary, drilling to 2015 on the Peñoles Project defined significant intervals of near-surface silver mineralization (with associated gold, lead and zinc values) at Jesus Maria, and wide intervals of near-surface gold mineralization (with low silver values) at El Capitan could potentially be amenable to open-pit extraction methods. Further drilling is recommended and a large, expanded exploration program is warranted.

In the Authors’ opinions, the Peñoles Project has sufficient merit to warrant further exploration work. To date, the limits of the mineralized zones remain “open” in many areas and there is potential to increase the resources with additional drilling both along strike and at depth.

It is recommended that Capitan Mining Inc. complete a trenching program and 5,500 m of drilling to test the continuity and further extensions of the Jesus Maria silver deposit. The next stage of drilling should also include step-out holes drilled between the current western limit of the Jesus Maria Silver Zone and the El Capitan Gold Zone (the “Gully Fault” target) to determine whether the two zones merge into a single mineralized zone. It is also recommended to drill the ‘wedge’ between the north dipping Gully Fault and the South dipping Jesus Maria structure.

A two-phase exploration program is recommended with phase two contingent on the results of phase one. The total cost of phase one is expected to be \$500,000 CDN. The total cost of phase two is expected to be \$1,755,000 CDN.

It is also recommended that Capitan Mining Inc. conduct additional metallurgical test work on both the Jesus Maria and El Capitan mineralized zones. A 2,000 m drill program specifically for metallurgical test work is proposed. On completion of the planned drill program and metallurgical test work, the results could be used to calculate an updated resource estimates and, if warranted, proceed to PEA-level assessments for both the Jesus Maria and El Capitan deposits.

Item 6: Financings

Upon completion of the Arrangement and related transactions, including the Capitan Financing, there will be 32,500,000 to 37,500,000 Capitan Shares outstanding. This consists of the 17,500,000 Capitan Spinout Shares and 15,000,000 to 20,000,000 Capitan Shares to be issued upon completion of the Capitan Financing at a price of \$0.20 per Capitan Share for gross proceeds of \$3,000,000 to \$4,000,000.

Funds Available and Use of Proceeds

As at the date hereof, Capitan has a working capital deficiency of approximately \$984,747 resulting in funds available of a minimum of \$2,015,253 and a maximum of \$3,015,253.

Capitan intends to use the funds available for the following purposes:

	Minimum Capitan Financing	Maximum Capitan Financing
Offering and transaction expenses ⁽¹⁾	\$149,000	\$149,000
Phase 1 exploration program on the Peñoles Property ⁽²⁾	\$500,000	\$500,000
Estimated general and administrative costs for the 12 month period subsequent to the completion of the Capitan Financing	\$515,000	\$515,000
Unallocated working capital	\$851,253	\$1,851,253
Total	\$2,015,253	\$3,015,253

(1) Offering and transaction expenses consist of finder's fees, legal fees, TSXV listing fees, transfer agent fees and other miscellaneous costs. Capitan will pay a cash finder's fee to Red Cloud Securities Inc. ("**Red Cloud**") on a portion of the Capitan Financing, equal to 7% of funds raised by Red Cloud. Capitan will also issue warrants to Red Cloud. See "*Item 9 – Disclosure of Outstanding Security Data on Fully Diluted Basis*" for details of the warrants.

(2) See "*Item 5 – Description of the Business – Peñoles Property – Conclusions and Recommendations*" for further details.

Item 7: Dividends and Other Distributions

Capitan has not paid dividends since its incorporation. Capitan currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

Item 8: Management's Discussion and Analysis

The following management discussion and analysis are attached to this Listing Application:

1. Management Discussion and Analysis of Capitan as at the date of incorporation (October 30, 2019) to March 31, 2020, attached as Schedule "B" to this Listing Application.
2. Carve-Out Management Discussion and Analysis of Riverside for the interim period ended March 31, 2020, attached as Schedule "C" to this Listing Application.
3. Carve-Out Management Discussion and Analysis of Riverside for the years ended September 2019 and 2018, attached as Schedule "E" to this Listing Application.

Item 9: Disclosure of Outstanding Security Data on Fully Diluted Basis

The following table and the notes thereto set forth the share capital of Capitan as at the dates specified therein. The following table should be read in conjunction with, and is qualified by reference to, the Financial Statements attached as Schedule "A" to this Listing Application.

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount Outstanding after the Arrangement</u>	
		Minimum	Maximum
Common Shares ⁽¹⁾	unlimited	32,500,000 ⁽²⁾	37,500,000 ⁽²⁾

(1) All share figures are unaudited.

(2) Assumes completion of the Capitan Financing and that no Riverside Options or Riverside Warrants are exercised prior to the Effective Date. See below for a description of the terms of the Capitan options and warrants outstanding.

Capitan Options and Capitan Warrants

Capitan has the following options and warrants outstanding:

Options to acquire up to 1,214,023 Capitan Shares having the following terms:

Number	Exercise Price	Expiry Date
195,765	(1)	January 7, 2021
258,715	(1)	December 16, 2021
192,307	(1)	November 3, 2022
217,210	(1)	January 8, 2024
350,026	(1)	November 15, 2024

(1) Exercise price calculated in accordance with the Arrangement Agreement based on 10 day value weighted average prices (VWAP) of Riverside Shares and Capitan Shares for first 10 trading days after listing of the Capitan Shares.

Under the Arrangement, each Riverside Warrant will be exercisable for:

- (a) one New Riverside Share for each Riverside Share that was issuable upon due exercise of the Riverside Warrant immediately prior to the Effective Time; and
- (b) 0.2767 of a Capitan Share for each Riverside Share that was issuable upon due exercise of the Riverside Warrant immediately prior to the Effective Time.

This effectively translates into the following Capitan warrants outstanding:

Number	Exercise Price	Expiry Date
4,846,919	(1)	March 19, 2021

(1) Exercise price calculated in accordance with the Arrangement Agreement based on 10 day value weighted average prices (VWAP) of Riverside Shares and Capitan Shares for first 10 trading days after listing of the Capitan Shares.

Capitan will also issue 350,000 warrants to an arm's length finder pursuant to the Capitan Financing. The warrants entitle the holder to acquire up to 350,000 Capitan Shares at a price of \$0.25 per Capitan Share for a period of 12 months from the closing of the Capitan Financing.

Item 10: Description of Securities to be Listed

The authorized capital of Capitan consists of an unlimited number Capitan Shares without par value. On completion of the Arrangement, including the Capitan Financing, it is anticipated that there will be approximately 32,500,000 to 37,500,000 Capitan Shares outstanding. This consists of the 17,500,000 Capitan Spinout Shares and the approximately 15,000,000 to 20,000,000 Capitan Financing Shares.

Holders of Capitan Shares are entitled to one vote per share at all meetings of shareholders, to receive dividends as and when declared by the directors and to receive a pro rata share of the assets of Capitan available for distribution to holders of common shares in the event of liquidation, dissolution or winding-up of Capitan. All shares rank equally, each with the other, as to all benefits which might accrue to the holders of common shares.

Item 11: Consolidated Capitalization

Capitan has not completed a financial year. There have not been any material changes in the share and loan capital of Capitan since the date of incorporation other than the proposed issuance of the Capitan Spinout Shares to Riverside prior to or on the Effective Date and the issuance of the Capitan Financing Shares.

Item 12: Stock Option Plan

The Capitan Board has adopted the Capitan Stock Option Plan. The purpose of the Capitan Stock Option Plan is to allow Capitan to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Capitan. The granting of such options is intended to align the interests of such persons with that of the shareholders. The following is a summary of the material terms of the Capitan Stock Option Plan:

- (a) Capitan must not grant an option to a director, officer, employee, management company employee, consultant, or consultant company in any 12 month period that exceeds 5% of the outstanding Capitan Shares, unless Capitan has obtained by a majority of the votes cast by the Capitan Shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Capitan Shares beneficially owned by insiders and their associates ("**Capitan Disinterested Shareholder Approval**"); Capitan must not grant an option where the aggregate number of Capitan Shares reserved for issuance under options granted to insiders may exceed 10% of the outstanding Shares, unless Capitan has obtained Capitan Disinterested Shareholder Approval to do so;
- (b) Capitan must not grant an option where the number of optioned Capitan Shares issued to insiders in any 12 month period exceeds 10% of the outstanding Capitan Shares, unless Capitan has obtained Capitan Disinterested Shareholder Approval to do so;
- (c) the aggregate number of options granted to all persons conducting Investor Relations Activities in any 12 month period must not exceed 2% of the outstanding Capitan Shares calculated at the date of the grant, without the prior consent of the TSXV;
- (d) Capitan must not grant aggregate options to any one consultant in any 12 month period that exceeds 2% of the outstanding Capitan Shares calculated at the date of the grant of the option, without the prior consent of the TSXV;
- (e) the exercise price of an option previously granted to an insider must not be reduced, unless Capitan has obtained Capitan Disinterested Shareholder Approval to do so;
- (f) options granted under the Capitan Stock Option Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;
- (g) where a grant is made to an optionee ("**Capitan Optionee**") who is an employee, consultant, consultant company or management company employee, Capitan represents that the Capitan Optionee is a bona fide employee, consultant, consultant company or management company employee, as the case may be, of Capitan or its affiliates;
- (h) any option granted to an Capitan Optionee other than a director or officer of Capitan, will expire within 90 days (30 days if the Capitan Optionee was engaged in Investor Relations Activities) after the Capitan Optionee ceases to be employed by or provide services to Capitan, but only to the extent that such option has vested at the date the Capitan Optionee ceased to be so employed by or to provide services to Capitan;
- (i) any option granted to an Capitan Optionee that is a director or officer of Capitan, will expire within the earlier of: (i) one (1) year after the date the Capitan Optionee ceased to be a director or officer of Capitan, (ii) the date of expiration of the term otherwise applicable to such Option,

and (iii) such shorter period as Capitan determines is reasonable, and only to the extent that such Option has vested at the date the Capitan Optionee ceased to be so employed by or to provide services to Capitan;

- (j) if an Capitan Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Capitan Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Capitan Optionee and the date of expiration of the term otherwise applicable to the option;
- (k) in the case of an Capitan Optionee being dismissed from employment or service for cause, the Capitan Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without any right of exercise;
- (l) the exercise price of each option will be set by the Capitan Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the policies of the TSXV);
- (m) vesting of options shall be at the discretion of the Capitan Board, subject to the requirements of the policies of the TSXV (including any vesting requirements for persons performing Investor Relations Activities (as defined in the policies of the TSXV)), and will generally be subject to: (i) the Capitan Optionee remaining employed by or continuing to provide services to Capitan or its affiliates, as well as, at the discretion of the Capitan Board, achieving certain milestones which may be defined by the Capitan Board from time to time or receiving a satisfactory performance review by Capitan or its affiliates during the vesting period; or (ii) the Capitan Optionee remaining as a director of Capitan or its affiliates during the vesting period;
- (n) Capitan may withhold and remit income tax payable upon the exercise of stock options to comply with the Tax Act;
- (o) Capitan, may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law; and
- (p) the Capitan Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Capitan Stock Option Plan with respect to all Capitan Shares in respect of options granted under the Capitan Stock Option Plan.

Upon completion of the Arrangement, Capitan will have approximately 1,214,023 Capitan Options outstanding, held by Riverside Optionholders which were issued pursuant to the Plan of Arrangement. These Capitan Options will be issued pursuant to and will be subject to the terms of the Capitan Stock Option Plan, and the rules and policies of the TSXV. In addition, prior to the commencement of trading of the Capitan Shares on the TSXV, Capitan intends to grant Capitan Options exercisable at \$0.20 per Capitan Share to the new directors, officers, employees and consultants pursuant to and subject to the terms and limits in the Capitan Stock Option Plan.

As the date hereof, there is no current market for the Capitan Shares. As such, the market value of the Capitan Shares underlying the Capitan Options has not been determined.

Item 13: Prior Sales

Capitan has not issued any shares except one incorporation Capitan Share to Riverside on October 30, 2019 for consideration of \$1.00. This share will be cancelled upon closing of the Arrangement. Prior to or concurrently with the Effective Date, Capitan intends to issue the Capitan Spinout Shares to Riverside to complete the acquisition of the Peñoles Property and the Capitan Financing Shares.

Item 14: Escrowed Securities and Securities Subject to Restriction on Transfer

On completion of the Arrangement, all Capitan Shares held by Principals of Capitan will be subject to the escrow requirements of the TSXV as set out below:

Name	Designation of Class	Number of Shares to be held in escrow	Percentage of Class ⁽¹⁾
John-Mark Staude	Capitan Shares	688,556	2.12%
Robert J. Scott	Capitan Shares	229,501	0.71%
Jeffrey Dare	Capitan Shares	138	0.0004%
TOTAL		918,195	2.83%

(1) Calculated on an undiluted basis assuming approximately 32,500,000 Capitan Shares are outstanding following completion of the Arrangement and the Capitan Financing.

The aggregate 918,195 Capitan Shares set out in the table above (collectively, the “**Escrow Shares**”) will be deposited in escrow with Computershare Investor Services Inc. pursuant to a 36 month value security escrow agreement (the “**Escrow Agreement**”), and will be released as follows: 10% of the Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 15% of the Escrow Shares would be released every 6 months thereafter, until all Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Any Capitan Shares acquired by the Principals of Capitan upon exercise of options or warrants will be placed in escrow.

Item 15: Principal Securityholders

To the knowledge of the directors and executive officers of Capitan, and based on existing information as of the date hereof, no person or company, upon completion of the Arrangement will, beneficially own, or control or direct, directly or indirectly, voting securities of Capitan carrying 10% or more of the voting rights attached to any class of voting securities of Capitan.

Item 16: Directors and Executive Officers

The following table sets forth certain information with respect to each proposed director and executive officer of Capitan:

Name, Province or State, and Country of Residence and Position(s) ⁽¹⁾⁽²⁾	Principal Occupation During Past Five Years ⁽¹⁾	Number of Capitan Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly ⁽³⁾	Percentage of Capitan Shares Issued and Outstanding ⁽⁴⁾
Alberto Orozco Sonora, Mexico CEO and Director	CEO of Capitan since October 2019; Vice President, Corporate Development of Riverside since May 2019; and various roles with Argonaut Gold Inc., a Canadian gold company, from 2011 to 2019, including Country Manager, Director	Nil	N/A

Name, Province or State, and Country of Residence and Position(s) (1)(2)	Principal Occupation During Past Five Years (1)	Number of Capitan Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly (3)	Percentage of Capitan Shares Issued and Outstanding (4)
	of Exploration and Vice-President of Corporate Affairs and Sustainability.		
John-Mark Staude British Columbia, Canada Director	President & CEO of Riverside since July 2007.	688,556	2.12%
Arturo Bonillas Sonora, Mexico Director	President and CEO of Magna Gold Corporation, a mineral exploration company, from January 2018 to present; and President of Alio Gold Inc. from June 2006 to May 2017.	Nil	N/A
Robert J. Scott British Columbia, Canada CFO	CFO of Riverside since March 2007. Mr. Scott is a CA and CFA Charterholder with more than 20 years of professional experience. He is a founder and President of Corex Management Inc., a private company providing accounting, administration and corporate compliance services to privately held and publicly traded companies, for the past 11 years.	229,501	0.71%
Jeff Dare British Columbia, Canada Corporate Secretary	Through Corex Management Inc., Mr. Dare serves as the Corporate Secretary for a number of listed companies for the past 11 years.	138	.0004%

- (1) The information as to residence and principal occupation, not being within the knowledge of Capitan, has been furnished by the respective directors and officers individually.
- (2) Directors serve until the earlier of the next annual general meeting or their resignation.
- (3) The information as to securities beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of Capitan, has been furnished by the respective directors and officers individually.
- (4) Assuming 32,500,000 Capitan Shares are outstanding after completion of the Arrangement.

Upon the completion of the Arrangement, it is expected that the directors and executive officers of Capitan as a group, will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 918,195 Capitan Shares, representing 2.83% of the issued Capitan Shares assuming 32,500,000 Capitan Shares are outstanding after completion of the Arrangement.

The principal occupations of each of the proposed directors and executive officers of Capitan within the past five years are disclosed in the table above.

Alberto J. Orozco – Chief Executive Officer and a Director

Alberto Orozco holds an MSc from the University of Sonora, Mexico, in collaboration with Saint Mary's University in Canada. He was also a PhD candidate at Dalhousie University in Earth Science and his academic work was published in Tectonophysics. He also holds the LEAD Certificate in Corporate Innovation from Stanford Graduate School of Business. He has 15 years of experience in the mining industry having worked for Linear Gold Corp.,

Pediment Gold and more recently in Argonaut Gold with roles of increasing responsibility. He has held the roles of Country Manager, Director of Exploration and more recently Vice President of Corporate Affairs and Sustainability and has been involved in exploring, developing and permitting a number of +1M Oz gold deposits in Mexico including, Ixhuatán, San Antonio, La Colorada and San Agustín. Alberto has a technical background and is also experienced in leading institutional and government affairs. Mr. Orozco is currently the President of the Sonora Mining Cluster in Mexico.

Mr. Orozco is engaged by Capitan as a full time employee and expected to commit 100% of his time to Capitan's business. He has not executed a non-competition or non-disclosure agreement with Capitan.

John-Mark Staude – Director

John-Mark Staude holds a Ph.D. in economic geology and has over 20 years of diverse mining and exploration experience in precious and base metals. He earned a Masters of Science from Harvard University in 1989 and a Ph.D. in economic geology from the University of Arizona in 1995. Mr. Staude held positions of increasing responsibility with a number of major international mining companies including Kennecott, BHP-Billiton, and most recently Teck Cominco. He also worked with smaller commodity-focused companies like Magma Copper Company and consulted to private investment groups. Mr. Staude's extensive Latin America mineral resource experience began in Mexico and then extended through South America. Recently, Mr. Staude has ventured into Europe and Asia initiating companies and managing successful exploration programs in Turkey, Romania and China. Mr. Staude has been successful in creating shareholder value through discoveries of gold and copper in Mexico, Peru and Turkey. He has located additional resources in known districts and helped convert discoveries into new mining operations. His technical and managerial experience spans more than 30 countries in diverse geologic environments. Through Riverside Resources, Mr. Staude will continue to build strong portfolios and profitable businesses through prospect generation, early stage partnering and drill discoveries.

Mr. Staude will not work full time for Capitan but will devote such time as is required in connection with his duties. Management of Capitan does not anticipate that Mr. Staude will enter into a non-competition or non-disclosure agreement with Capitan.

Arturo Bonillas – Director

Arturo Bonillas is an Industrial Engineer with over 40 years of experience in the Mexican mining industry and extensive experience in all aspects of exploration, financing, building and operations. His knowledge and experience with international markets has helped solidify partnerships with long time shareholders and institutions, vested in the mining projects and ventures he has developed. During his 10 year tenure as President of Timmins Gold Corp. (now Alio Gold), he spearheaded the company's transition from one of exploration and development to a mid-tier gold producer, a crucial strategy in securing several years of positive reserve and resource growth, throughput and production. Prior to Timmins Gold, he was President and Co-Founder of Silvermex Resources Inc. for 3 years; General Manager (Latin America) for Continuum Resources Ltd. Overseeing the development of the San Jose del Progreso project in Oaxaca, Mexico (sold to Fortuna Silver Mines Inc); and has also had operational and financial roles with Compañía Minera de Cananea (owned by Grupo Mexico) and Minera de Real de Angeles (Placer Dome Inc./Empresas Frisco joint venture). Mr. Bonillas has in-depth knowledge and experience in corporate social responsibility and government relations, with an impeccable track record in community relations over the course of his career. In 2017, Mr. Bonillas received the prestigious Ostotakani Award, given to distinguished leaders in the Mexican mining industry. Mr. Bonillas earned his B.Sc. degree in Industrial Engineering from the University of Arizona.

Mr. Bonillas will not work full time for Capitan but will devote such time as is required in connection with his duties. Management of Capitan does not anticipate that Mr. Bonillas will enter into a non-competition or non-disclosure agreement with Capitan.

Robert J. Scott – Chief Financial Officer

Robert J. Scott has over 17 years of professional experience in the areas of corporate finance, accounting, and merchant and commercial banking. He is a C.A., a CFA Charterholder and earned a B.Sc. from the University of British Columbia. Mr. Scott has served as the Chief Financial Officer of Riverside Resources Inc. since March 2007 and prior to that, Mr. Scott worked at a private Vancouver-based merchant bank and a major Canadian bank in its commercial banking division and merchant banking subsidiary. He earned his C.A. designation in 1998 while working in corporate tax, accounting and assurance at a Vancouver-based accounting firm, and in 2002, he qualified for the Chartered Financial Analyst designation.

Mr. Scott will not work full time for Capitan but will devote such time as is required in connection with his duties as Chief Financial Officer. He has not executed a non-competition or non-disclosure agreement with Capitan.

Jeffrey Dare – Corporate Secretary

Jeffrey Dare has over 12 years of professional experience acting as an executive officer and director for TSX Venture Exchange, CSE listed issuers and private companies. His focus is managing external reporting and corporate compliance and transactional matters. He works closely with external partners and service providers in the areas of legal, compliance, transfer agency, audit, banking and insurance. Mr. Dare currently serves as the Corporate Secretary for a number of companies, some of which include Great Bear Resources Ltd., ValOre Metals Corp., Fireweed Zinc Ltd., K2 Gold Corporation, Riverside Resources Inc., Kodiak Copper Corp. and Palladium One Mining Inc.

Mr. Dare will not work full time for Capitan but will devote such time as is required in connection with his duties. Management of Capitan does not anticipate that Mr. Dare will enter into a non-competition or non-disclosure agreement with Capitan.

Other Reporting Issuer Experience

The following table sets out information for the proposed directors and officers of Capitan that are, or have been within the five years prior to the date hereof, directors or officers of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Alberto Orozco	Riverside British Columbia	TSXV	Vice President, Corporate Development	June 2019	Present
	Argonaut Gold Inc Ontario	TSX	Country Manager, Director of Exploration and Vice-President of Corporate Affairs and Sustainability	January 2011	April 2019
John-Mark Staude	Riverside British Columbia	TSXV	President, CEO and Director	July 2007 February 2007	Present Present
	Magna Gold Corporation Ontario	TSXV	President and CEO	January 2018	Present
Arturo Bonillas	Alio Gold Inc. British Columbia	TSX / NYSE	President	June 2006	May 2017
	Riverside British Columbia	TSXV	CFO	July 2007	Present
Robert J. Scott	Genesis Metals Corp. British Columbia	TSXV	Director	August 2014	Present
	Mongolia Growth Group Ltd. Alberta	TSXV	Director	December 2014	Present
	FinCanna Capital Corp. British Columbia	CSE	CFO	December 2017	Present
	G6 Materials Corp. (Formerly Graphene 3D Lab Inc.) British Columbia	TSXV	CFO	July 2016	Present

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
	Great Bear Resources Ltd. British Columbia	TSXV	CFO	January 2017	Present
	ValOre Metals Corp. (Formerly Kivalliq Energy Corporation) British Columbia	TSXV	CFO	July 2017	Present
	Palladium One Mining Inc. British Columbia	TSXV	CFO	February 2016	Present
	K2 Gold Corporation British Columbia	TSXV	CFO	May 2017	Present
	Northern Empire Resources Corp. British Columbia	TSXV	CFO	March 2017	January 2018
	Northair Silver Corp. British Columbia	TSXV	CFO	December 2014	April 2016
Jeff Dare	Riverside Resources Inc. British Columbia	TSXV	Corporate Secretary	March 2008	Present
	K2 Gold Corporation British Columbia	TSXV	Corporate Secretary	April 2018	Present
	FinCanna Capital Corp. British Columbia	CSE	Corporate Secretary	December 2017	Present
	G6 Materials Corp. (Formerly Graphene 3D Lab Inc.) British Columbia	TSXV	Corporate Secretary	July 2016	Present
	Great Bear Resources Ltd. British Columbia	TSXV	Corporate Secretary	July 2016	Present
	Kodiak Copper Corp. (Formerly Dunnedin Ventures Inc.) British Columbia	TSXV	Corporate Secretary	July 2016	Present
	ValOre Metals Corp. British Columbia	TSXV	Corporate Secretary	January 2016	Present
	Palladium One Mining Inc. British Columbia	TSXV	Corporate Secretary	February 2016	Present
	Fireweed Zinc Ltd. Yukon	TSXV	Corporate Secretary	December 2016	Present
	Far Resources Ltd. British Columbia	CSE	Corporate Secretary	June 2019	Present
	Bluestone Resources Inc. British Columbia	TSXV	Corporate Secretary	April 2014	December 2017
	Northair Silver Corp. British Columbia	TSXV	Corporate Secretary	July 2015	April 2016

Other than as disclosed below, to the knowledge of Capitan, no director or executive officer:

- (a) is, as at the date of this Listing Application, or has been, within ten years before the date of this Listing Application, a director, chief executive officer or chief financial officer of any company (including Capitan) that:
 - (i) was the subject, while the director was acting in that capacity as a director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or is, as at the date of this Listing Application, or has been within 10 years before the date of this Listing Application, a director or executive officer of any company (including Capitan) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Listing Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director;

None of the proposed directors or executive officers (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

The common directors and officers of Riverside and Capitan are not expected to be subject to any conflicts of interest.

Item 17: Executive Compensation

Statement of Executive Compensation

Compensation Discussion and Analysis

Capitan was incorporated on October 30, 2019 and, accordingly, has not yet completed a financial year and has not yet developed a compensation program. Capitan anticipates that it will adopt a compensation program that reflects its stage of development, the main elements of which are expected to be comprised of base salary, option-based awards and annual cash incentives.

Summary Compensation

Capitan was incorporated on October 30, 2019 and has not yet completed a financial year. No compensation has been paid to date. Except as set out below, Capitan has no compensatory plan or other arrangements in respect of compensation received or that may be received by its Chief Executive Officer or its Chief Financial Officer in its current financial year.

Following the completion of the Arrangement, Capitan will establish a Compensation Committee (the “**Compensation Committee**”), which will administer the compensation mechanisms to be implemented by the Capitan Board. The individuals that will be appointed to the Compensation Committee, once formed, will each have direct experience that is relevant to their responsibilities in determining executive compensation for Capitan.

On an annual basis, the Compensation Committee will review the compensation of the Named Executive Officers to ensure that each is being compensated in accordance with the objectives of Capitan’s compensation program, which will be to:

- provide competitive compensation that attracts and retains talented employees;
- align compensation with shareholder interests;
- pay for performance;
- support the Capitan’s vision, mission and values; and
- be flexible to recognize the needs of Capitan in different business environments.

Capitan does not currently have any compensation policies or mechanisms in place. The compensation policies are anticipated to be comprised of three components; namely, base salary, equity compensation in the form of stock options, and discretionary performance-based. In addition, Named Executive Officers will be entitled to participate in a benefits program to be implemented by Capitan. A Named Executive Officer’s base salary will be intended to remunerate the Named Executive Officer for discharging job responsibilities and will reflect the executive’s performance over time. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits. The stock option component of a NEO’s compensation, which includes a vesting element to ensure retention, will aim to meet the objectives of the compensation program to be implemented, by both motivating the executive towards increasing share value and enabling the executive to share in the future success of Capitan. Discretionary performance-based bonuses will be considered from time to time to reward those who have achieved exceptional performance and meet the objectives of Capitan’s compensation program by rewarding pay for performance. Other benefits will not form a significant part of the remuneration package of any of the Named Executive Officers of Capitan.

The Capitan Board has adopted the Capitan Stock Option Plan, which plan is also subject to approval by the TSXV. Riverside Shareholder approval of the Capitan Stock Option Plan was obtained at the Meeting. The Capitan Stock Option Plan will allow for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist Capitan in compensating, attracting, retaining and motivating the directors of Capitan and to closely align the personal interests of such persons to that of the shareholders of Capitan. See “*Item 12 - Stock Option Plan*” for a summary of the terms of the Capitan Stock Option Plan.

Option-Based Awards

The purpose of the Capitan Stock Option Plan is to allow Capitan to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Capitan. The granting of such options is intended to align the interests of such persons with that of the shareholders. The Capitan Stock Option Plan will be used to provide stock options which will be awarded based on the recommendations of the directors of Capitan, taking into account the level of responsibility of such person, as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer term operating performance of Capitan. In determining the number of options to be granted, Capitan Board will take into account the number of options, if any, previously granted, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV and to closely align the interests of such person with the interests of shareholders. The Capitan Board will determine the vesting provisions of all stock option grants.

Incentive Plan Awards

Capitan does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to its Named

Executive Officers. Other than the Capitan Options that the Named Executive Officers will receive on completion of the Arrangement, Capitan has made no option-based or share-based awards to any of its Named Executive Officers.

Pension Plan Benefits

Capitan does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

Capitan has no employment contracts between it and either of its Named Executive Officers. Following completion of the Arrangement, Capitan will pay \$10,000 per month to the Chief Executive Officer. Further, it has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Capitan or its subsidiaries, if any, or a change in responsibilities of a Named Executive Officer following a change of control. Capitan will consider entering into contracts with its Named Executive Officers following completion of the Arrangement.

Defined Benefit or Actuarial Plan Disclosure

Capitan has no defined benefit or actuarial plans.

Director Compensation

Capitan currently has no arrangements, standard or otherwise, pursuant to which directors are compensated by Capitan for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert since its incorporation on October 30, 2019 and up to and including the date of this Listing Application.

Upon completion of the Arrangement, Capitan will adopt a compensation program for directors. The objectives of the director compensation program will be to attract, retain and inspire performance of members of the Capitan Board of a quality and nature that will enhance Capitan's growth. The compensation will be intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of directors. The philosophy, and market comparisons and review with respect to director compensation, will be the same as for the executive compensation programs to be implemented by Capitan.

No stock options have been granted by Capitan since the date of its incorporation on October 30, 2019 and Capitan does not have a share-based awards program. See "Item 9 – Disclosure of Outstanding Security Data on a Fully Diluted Basis" and "Item 12 - Stock Option Plan" for details of the Capitan Options to be issued to Riverside Optionholders pursuant to the Plan of Arrangement.

Aggregate Options Exercised and Option Values

No stock options have been granted by Capitan or exercised since the date of its incorporation on October 30, 2019.

Item 18: Indebtedness of Directors and Executive Officers

There is and has been no indebtedness of any director, executive officer or senior officer or associate of any of them, to or guaranteed or supported by Capitan during the period from incorporation.

Item 19: Audit Committees and Corporate Governance

Audit Committee

Under National Instrument 52-110 – *Audit Committees* ("NI 52-110"), companies are required to provide disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor.

Audit Committee Charter

Capitan's Audit Committee is governed by the Audit Committee Charter. A copy of the Audit Committee Charter is attached hereto as Schedule "G".

Composition of the Audit Committee

Capitan's Audit Committee is comprised of three directors, Alberto Orozco, John-Mark Staude and Arturo Bonillas. As defined in NI 52-110, two of the members of the Audit Committee are "independent". Alberto Orozco is not considered independent as he is the Chief Executive Officer of Capitan. Also as defined in NI 52-110, all of the Audit Committee members are "financially literate".

Relevant Education and Experience

All Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Riverside's financial statements and are therefore considered financially literate. See "Item 16 – Directors and Executive Officers" for a description of the experience of the Audit Committee members.

Audit Committee Oversight

Since the commencement of Capitan's most recently completed financial year, the Capitan Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor. To date, Capitan has paid no fees to its external auditor.

Reliance on Certain Exemptions

At no time since the commencement of Capitan's most recently completed financial year has Capitan relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

No specific policies or procedures have been adopted with respect to the provision of non-audit services by Capitan's external auditor although, under Capitan's Audit Committee Charter, such services are required to be approved by the Audit Committee.

In the following table, "audit fees" are fees billed by Capitan's external auditor for services provided in auditing Capitan's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of Capitan's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed to Capitan by its auditor for the period from incorporation on October 30, 2019 to March 31, 2020, by category, are as follows:

Financial Period Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
March 31, 2020	\$4,500	Nil	Nil	Nil

Exemption

Capitan is relying on the exemption provided by section 6.1 of NI 52-110, which provides that Capitan, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Corporate Governance

General

The Capitan Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 – *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as Capitan. In addition, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) prescribes certain disclosure by Capitan of its corporate governance practices. As the business of Capitan is straightforward, Capitan is at an early stage of development and the Capitan Board is relatively small, Capitan’s Corporate Governance practices are at an early stage of evolution. The following describes Capitan’s approach to corporate governance, in compliance with NI 58-101.

Board of Directors

Capitan’s Board consists of a total of three directors, Alberto Orozco, John-Mark Staude and Arturo Bonillas. Alberto Orozco is not independent in that he is the Chief Executive Officer of Capitan. The other two directors are independent. Accordingly, the majority of the directors are independent.

Directorships

Certain directors are presently directors of one or more other reporting issuers. See “*Item 16 – Directors and Executive Officers*” for further details.

Orientation and Continuing Education

Capitan does not have a formal process of orientation for new Capitan Board members. However, Capitan does orient and educate new Capitan Board members by providing background information, conducting personal meetings and responding to questions, during the early stages of a new Capitan Board member’s involvement with Capitan.

Capitan does not have a formal process of continuing education for directors. Generally, Capitan expects that existing and new Capitan Board members will have a familiarity with the business of mineral exploration and development. Professional advisors may be invited to attend Capitan Board meetings, as needed. Capitan also relies on the relatively straightforward nature of its business, and the established qualifications and expertise of its Capitan Board members.

Ethical Business Conduct

At the present time, the Capitan Board has not adopted a written code with respect to ethical business conduct. To the greatest extent possible, Capitan attempts to attract and retain individuals with a well-developed personal code of ethical conduct in both their business and personal lives. The primary step taken by Capitan to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors. In considering a transaction in which a director has a material interest, the director is required to disclose the nature and extent of their interest to the Capitan Board and to abstain from voting on any resolution pertaining to the transaction.

Nomination of Directors

The Capitan Board does not have a Nominating Committee to identify new candidates for Capitan Board nomination. Potential candidates for appointment to the Capitan Board are considered by the Capitan Board as a whole, in reliance on the recommendations, qualifications and experience of its members. The Capitan Board recognizes that, in accordance with good corporate governance practices, it is desirable to appoint additional members who are independent, and gives weight to this consideration in Capitan Board appointments.

Compensation

At the present time, Capitan does not have a compensation committee. The compensation of the directors and the CEO is considered by the Capitan Board. The directors currently do not receive any remuneration for their acting in such capacity other than the potential grant of incentive stock options to the directors.

Other Board Committees

The Capitan Board has no other committees other than the Audit Committee.

Assessments

The Capitan Board has no specific procedures for regularly assessing the effectiveness and contribution of the Capitan Board, its committees or individual directors. As the business of Capitan is relatively straightforward and its Capitan Board relatively small, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent, and could be dealt with on a case-by-case basis. With respect to the Capitan Board as a whole, the Capitan Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of Capitan and input from the Capitan Shareholders.

Item 20: Agent, Sponsor or Advisor

No Agent, Sponsor or advisor has been retained by Capitan in connection with the Arrangement or this Listing Application.

Item 21: Risk Factors

In addition to the other information contained in this Listing Application, the following factors should be considered carefully when considering risk related to Capitan's proposed business.

Nature of the Securities and No Assurance of any Listing

Capitan Shares are not currently listed on any stock exchange and there is no assurance that the shares will be listed. Even if a listing is obtained, the holding of Capitan Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Capitan Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of Capitan should not constitute a major portion of an investor's portfolio.

Limited Operating History

Capitan was incorporated on October 30, 2019 and has a limited operating history and no operating revenues.

Dependence on Management

Capitan will be very dependent upon the personal efforts and commitment of its directors and officers. If one or more of Capitan's proposed executive officers become unavailable for any reason, a severe disruption to the business and operations of Capitan could result, and Capitan may not be able to replace them readily, if at all. As Capitan's business activity grows, Capitan will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that Capitan will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If Capitan is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on Capitan's future cash flows, earnings, results of operations and financial condition.

Capitan's operations are subject to human error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Capitan's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Capitan. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Capitan might undertake and legal claims for errors or mistakes by Capitan personnel.

Financing Risks

If the Arrangement is completed, additional funding will be required to conduct future exploration programs on the Peñoles Property and to conduct other exploration programs. If Capitan's proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to Capitan are the sale of equity capital, or the offering by Capitan of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause Capitan to reduce or terminate its proposed operations.

Conflicts of Interest

Certain directors and officers of Capitan are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Capitan, including possibly Riverside. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of Capitan. Directors and officers of Capitan with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

No History of Earnings

Capitan has no history of earnings or of a return on investment, and there is no assurance that the Peñoles Property or any other property or business that Capitan may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. Capitan has no plans to pay dividends for some time in the future, if ever. The future dividend policy of Capitan will be determined by the Capitan Board.

Exploration and Development

Resource exploration and development is a speculative business and involves a high degree of risk. There are no known mineral reserves on the Peñoles Property. There is no certainty that the expenditures to be made by Capitan in the exploration of the Peñoles Property or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by Capitan will be affected by numerous factors beyond the control of Capitan. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Capitan not receiving an adequate return on invested capital.

Environmental Risks and Other Regulatory Requirements

The current or future operations of Capitan, including future exploration and development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Capitan may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which Capitan might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on Capitan and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Dilution

Issuances of additional securities including, but not limited to, its common shares or some form of convertible debentures, will result in a substantial dilution of the equity interests of any persons who may become Capitan Shareholders as a result of or subsequent to the Arrangement.

Market for securities

There is currently no market through which the Capitan Shares may be sold and Capitan Shareholders may not be able to resell the Capitan Shares acquired under the Plan of Arrangement. There can be no assurance that an active trading

market will develop for the Capitan Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of the Capitan Shares on the TSXV immediately after the Effective Date. There can be no assurances that any securities regulatory authority will recognize Capitan as a reporting issuer, or that Capitan will be able to obtain a listing on the TSXV or any stock exchange.

Nature of Mineral Exploration and Development

All of Capitan's operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineralization may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by Capitan or any future development programs will result in a profitable commercial mining operation. There is no assurance that the Capitan's mineral exploration activities will result in any discoveries of commercial mineralization. There is also no assurance that, even if commercial mineralization is discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long-term profitability of Capitan will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

No Operating History

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from Capitan's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that Capitan's projects will move beyond the exploration stage and be put into production, achieve commercial production or that Capitan will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that Capitan will not suffer significant losses in the near future or that Capitan will ever be profitable.

Commodity Prices

The price of the Capitan Shares and Capitan's financial results may be significantly adversely affected by a decline in the price of gold, silver, copper and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond Capitan's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on Capitan.

Dividend Policy

No dividends on Capitan Shares have been paid by Capitan to date. Capitan anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Capitan does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Capitan Board after taking into account many factors, including Capitan's operating results, financial condition and current and anticipated cash needs.

Permitting

Capitan's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional

permits associated with new legislation. Prior to any development of any of their properties, Capitan must receive permits from appropriate governmental authorities. There can be no assurance that Capitan will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on Capitan, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

Land Title

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which Capitan has an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may also be affected by undetected encumbrances or defects or governmental actions. Capitan has not conducted surveys of properties in which it holds an interest and the precise area and location of claims or the properties may be challenged. Capitan may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict Capitan's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by Capitan invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although Capitan believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

Influence of Third Party Stakeholders

The mineral properties in which Capitan holds an interest, or the exploration equipment and road or other means of access which Capitan intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, Capitan's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for Capitan.

Insurance

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and Capitan may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to Capitan's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. Capitan expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. Capitan expects to carry liability insurance with respect to its mineral exploration operations, but is not expected to cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of Capitan. If Capitan is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect Capitan's future cash flow and overall profitability.

Significant Competition for Attractive Mineral Properties

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Capitan expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Capitan, Capitan may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, Capitan's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to Capitan may be limited by the number of attractive acquisition targets, internal demands on resources, competition

from other mining companies and, to the extent necessary, Capitan's ability to obtain financing on satisfactory terms, if at all.

Item 22: Promoters

Riverside took the initiative in Capitan's organization and, accordingly, may be considered to be the promoter of Capitan within the meaning of applicable Securities Legislation. Riverside will not, at the closing of the Arrangement, beneficially own, or control or direct, any Capitan Shares. During the period from incorporation to and including the closing of the Arrangement, the only material thing of value which Riverside has or will receive from Capitan is the Capitan Spinout Shares to be issued to Riverside in consideration for the transfer to Capitan by Riverside of the Peñoles Property, which Capitan Spinout Shares will be distributed to the Riverside Shareholders pursuant to the Arrangement.

Item 23: Legal Proceedings and Regulatory Actions

To the best of Capitan's knowledge, following due enquiry, Capitan is not a party to any material legal proceedings and Capitan is not aware of any such proceedings known to be contemplated.

Item 24: Interests of Management and Others in Material Transactions

No director, executive officer or greater than 10% shareholder of Capitan and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in either such case has materially affected or will materially affect Capitan save as described herein.

Item 25: Investor Relations Arrangements

Capitan has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for Capitan.

Item 26: Auditors, Transfer Agents and Registrars

The auditor of Capitan is Davidson & Company LLP, Chartered Professional Accountants of 1200-609 Granville Street, Vancouver, British Columbia V7Y 1G6.

The registrar and transfer agent for the Capitan Shares is Computershare Investor Services Inc. at its principal offices at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

Item 27: Material Contracts

The only agreement or contract that Capitan has entered into since its incorporation or will enter into as part of the Arrangement which may be reasonably regarded as being material is the Arrangement Agreement and the Escrow Agreement.

Item 28: Experts

Davidson & Company LLP, Chartered Professional Accountants, is the auditor of Capitan and is independent of Capitan within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Derrick Strickland, P. Geo. and Robert Sim, P. Geo. prepared the Technical Report. As of the date of this Listing Agreement, neither Mr. Strickland nor Mr. Sim own any of the issued and outstanding Capitan Shares.

Item 29: Other Material Facts

To the best of Capitan's knowledge, there are no other material facts in respect of Capitan which are not disclosed elsewhere in this Listing Application.

Item 30: Additional Information – Mining or Oil and Gas Applicants

Not applicable.

Item 31: Exemptions

No exemption from a securities regulator or securities regulatory authority has been received by Capitan.

Item 32: Financial Statement Disclosure for Issuers

The following financial statements are attached to this Listing Application:

1. Audited financial statements of Capitan from the date of incorporation on October 30, 2019 to March 31, 2020, attached to the Listing Application as Schedule “A”.
2. Carve-out financial statements of Riverside for the interim period ended March 31, 2020, attached to this Listing Application as Schedule “D”.
3. Riverside audited carve-out financial statements for the years ended September 30, 2019 and 2018, attached to this Listing Application as Schedule “F”.

Item 33: Significant Acquisitions

Capitan has not completed any significant acquisitions.

Item 34: Certificates

34.1 Certificate of Applicant

CERTIFICATE OF CAPITAN MINING INC.

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application.

Dated July 31, 2020

“*Alberto Orozco*” (signed)
Chief Executive Officer

“*Robert J. Scott*” (signed)
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF
CAPITAN MINING INC.

“*John-Mark Staude*” (signed)
Director

“*Arturo Bonillas*” (signed)
Director

34.2 Certificate of Sponsor

Not applicable.

34.3: Acknowledgement – Personal Information

“Personal Information” means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Application for the purposes described in Appendix “A” to this Application.

Dated July 31, 2020

CAPITAN MINING INC.

“Alberto Orozco”

By: Alberto Orozco
Chief Executive Officer and Director

APPENDIX “A”
FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the “Exchange”) collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals’ involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

SCHEDULE "A"

**AUDITED FINANCIAL STATEMENTS OF CAPITAN
FROM INCORPORATION ON OCTOBER 30, 2019 TO MARCH 31, 2020**

(see attached)

CAPITAN MINING INC.

Consolidated Financial Statements

For the period from incorporation on October 30, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Capitan Mining Inc.

Opinion

We have audited the accompanying consolidated financial statements of Capitan Mining Inc. (the “Company”), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholder’s equity, and cash flows for the period from incorporation on October 30, 2019 to March 31, 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the period from incorporation on October 30, 2019 to March 31, 2020 in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company’s ability to fund its operations is currently dependent on its parent company and the plan of arrangement is dependent on approval by applicable regulatory authorities. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

June 8, 2020

CAPITAN MINING INC.Consolidated Statement of Financial Position as at
(Expressed in Canadian Dollars)

	Notes	March 31, 2020
Assets		
Cash		\$ 45,822
Taxes receivable		8,053
Prepaid expenses		522
Total Assets		\$ 54,397
Liabilities		
Accounts payable and accrued liabilities		\$ 2,971
Taxes payable		130
Due to Riverside Resources Inc.	5	37,502
		\$ 40,603
Shareholder's Equity		
Share capital	4	\$ 1
Share subscriptions received in advance	4	58,000
Accumulated other comprehensive loss		(16,061)
Deficit		(28,146)
		13,794
Total Liabilities and Shareholder's Equity		\$ 54,397

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

On behalf of the Board on June 8th, 2020

John-Mark Staude DirectorRobert Scott Director

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

CAPITAN MINING INC.Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Period from Incorporation on October 30, 2019 to March 31, 2020
Expenses		
Consulting fees	\$	400
Filing fees		3,500
Foreign exchange loss		36
Investor relations		3,051
Office expenses		365
Professional fees		18,113
Travel and entertainment		2,681
Net loss for the period		(28,146)
Foreign exchange movements		(16,061)
Comprehensive loss for the period	\$	(44,207)
Weighted average number of common shares outstanding		1
Loss per share	\$	(28,146)

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

CAPITAN MINING INC.
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Period from Incorporation on October 30, 2019 to March 31, 2020
OPERATING ACTIVITIES		
Net loss for the period		\$ (28,146)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities		2,971
Taxes payable		130
Taxes receivable		(8,053)
Prepaid expenses		(522)
		(33,620)
FINANCING ACTIVITIES		
Shares issued on date of incorporation	4	1
Share subscriptions received in advance	4	58,000
Advances from Riverside Resources Inc.	5	37,502
		95,503
Effect of foreign exchange on cash		(16,061)
Increase in cash		45,822
Cash, date of Incorporation		-
Cash, March 31, 2020		\$ 45,822

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

CAPITAN MINING INC.

Consolidated Statement of Changes in Shareholder's Equity for the period from Incorporation on October 31, 2019 to March 31, 2020
(Expressed in Canadian Dollars)

		<u>Capital Stock</u>						
	Note	Shares	Amount	Share subscriptions received in advance	Accumulated Other Comprehensive Loss	Deficit	Total	
Balance at Incorporation		1	\$ 1	\$ -	\$ -	\$ -	\$ 1	
Share subscriptions received in advance	4	-	-	58,000	-	-	58,000	
Foreign exchange movement		-	-	-	(16,061)	-	(16,061)	
Loss for the period		-	-	-	-	(28,146)	(28,146)	
Balance at March 31, 2020		1	\$ 1	\$ 58,000	\$ (16,061)	\$ (28,146)	\$ 13,794	

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

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Capitan Mining Inc. (the “Company”) was incorporated on October 30, 2019 under the laws of the Business Corporation Act (British Columbia) as part of a plan of arrangement (the “Arrangement”) to reorganize Riverside Resources Inc (“Riverside”). The Company’s head office address is 550 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6.

The Company’s intended business activity is the acquisition and exploration of mineral properties in Mexico.

While these financial statements have been prepared on a going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business, there are material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company’s ability to fund its operations is currently dependent on its parent company, Riverside. The Arrangement is dependent on approvals by applicable regulatory authorities. 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.

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.

2. Basis of presentation and statement of compliance.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”).

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

3. Significant accounting policies

a. Principles of consolidation

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

Name of subsidiary	Country of incorporation	Proportion of ownership	Principal activity
Rios de Suerte S.A. de C.V.	Mexico	100%	Mineral exploration

b. Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar and the Mexican Pesos for Rios de Suerte S.A. de C.V. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

b. Foreign currency translation (continued)

Transactions in currencies other than the functional currency for an entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The subsidiary with a Mexican Peso functional currency have been translated into Canadian dollars as follows:

Assets and liabilities are translated at period end exchange rates, while revenues and expenses are translated using average rates over the period. Translation gains and losses relating to the foreign operations are included in accumulated other comprehensive loss as a separate component of shareholder's equity.

c. Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. The Company records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, disposed of through sale, or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an on-going basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 1) whether the Company's exploration programs have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect the recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Property option payments received from its farm-out partners are recorded as a reduction to the capitalized cost of exploration and evaluation assets. Once the capitalized cost is recovered, they are recorded as property income. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

d. Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company currently does not have any significant provisions for environmental rehabilitation.

e. Financial instruments

Financial assets

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

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

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

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

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

e. Financial instruments (continued)

Financial assets (continued)

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

Financial instrument	Classification
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to Riverside Resources Inc.	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Amortized cost - This category comprises liabilities initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

f. Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g. Loss per share

Basic loss per common share is calculated by dividing net loss available to common shareholders by the weighted-average number of shares outstanding during the year. The effect of dilutive stock options warrants and similar instruments on loss per share is recognized on the use of the proceeds that could be obtained upon these and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per share value excludes all dilutive potential common shares if their effect is anti-dilutive.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

h. Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they revert, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

i. Critical accounting estimates, judgments, and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are noted below with further details of the assumptions contained in the relevant note.

Critical accounting judgments

- the measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets;
- going concern presentation of the consolidated financial statements as discussed in Note 1, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due; and
- management's determination of the functional currency of the Company and each of its subsidiaries requires judgment based on the factors outline in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

j. Capital stock

Common shares are classified as shareholder's equity. Incremental costs directly attributable to the issuance of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

4. Share capital

The Company issued one share upon incorporation. The common shares have no par value and the number of authorized shares is unlimited.

Share subscription received in advance

As at March 31, 2020, the Company had received \$58,000 in share subscriptions, which is related to the Company's upcoming non-brokered private placement that the Company intended to complete concurrently with the reorganization outlined in Note 10.

5. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

As of March 31, 2020, the Company owed Riverside \$37,502 for funding of the Company's operations. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

6. 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.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

6. Financial instruments (continued)

The fair value of the Company's receivable, accounts payable and accrued liabilities and due to Riverside approximate carrying value, which is the amount recorded on the statement of financial position. The fair value of the Company's cash under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages liquidity risk through the management of its funding from Riverside.

Price risk

The Company is exposed to price risk with respect to commodity prices. 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.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities that are denominated in Mexican pesos.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the Mexican peso. A 10% fluctuation in the Mexico peso against the Canadian dollar is not significant.

7. Capital management

As a wholly-owned subsidiary of Riverside, the Company is currently solely dependent on Riverside for capital, in order to support operations and acquisition and exploration of exploration and evaluation assets. 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. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and require additional funding from Riverside 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.

8. Segmented information

The Company intends to operate in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico.

CAPITAN MINING INC

Notes to the Consolidated Financial Statements for the period from Incorporation on October 31, 2019 to March 31, 2020

(Expressed in Canadian Dollars)

9. Income tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2019
Loss for the period	\$	(28,146)
Expected income tax (recovery)	\$	(8,000)
Change in unrecognized deductible temporary differences		8,000
Total income tax expense (recovery)	\$	-

The significant components of the Company's temporary differences, unused tax credits and unused losses that have not been included on the consolidated statement of financial position are as follows:

	2019	Expiry Date Range
Temporary Differences		
Non-capital losses available for future periods	28,000	
Canada	14,000	2040
Mexico	14,000	2030

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. Subsequent events

- a) On April 1, 2020, Riverside received shareholder approval for a strategic reorganization of its exploration business. In connection with the reorganization, the Company will complete the acquisition of its interest in the Peñoles Property for \$3.5 million to be paid by issuing 17,500,000 common shares ("SpinCo Shares") to Riverside. Riverside will then complete a share capital reorganization by way of statutory plan of arrangement ("Arrangement") whereby it will spin-out the SpinCo Shares to Riverside's shareholders. Based on the existing numbers of Riverside common shares outstanding, Riverside shareholders will receive one new common share of Riverside and 0.2767 of the Company's share.
- b) As of May 31, 2020, a total of \$99,400 was received and included in the share subscriptions received in advance in connection with the Company's non-brokered private placement that it plans to complete concurrently with the Arrangement. The Company intends to list on the TSX Venture Exchange and complete a private placement to raise proceeds of \$2,000,000 by issuance of 10,000,000 common shares at \$0.20 per share.

SCHEDULE "B"

**MANAGEMENT DISCUSSION AND ANALYSIS OF CAPITAN
FROM INCORPORATION TO MARCH 31, 2020**

(see attached)

Capitan Mining Inc.
Management's Discussion and Analysis

From the date of incorporation to March 31, 2020

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Capitan Mining Inc. (the "Company" or "Capitan") from the date of incorporation to the period ended March 31, 2020. The MD&A is intended to help the reader understand the Company's operations, financial performance and present and future business environment. The MD&A should be read in conjunction with the consolidated financial statements for the period ended March 31, 2020, and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All amounts are stated Canadian dollars. The date of this MD&A is June 08, 2020.

Forward-Looking Statements

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

DESCRIPTION OF BUSINESS AND OVERVIEW

Capitan Mining Inc. was incorporated on October 30, 2019 to focus on the exploration and development of gold-silver projects with an emphasis on projects throughout Mexico. The head office and principal address of the Company is 550-800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. Riverside Resource Inc. ("Riverside" or "RRI") is the Company's only shareholder.

Capitan is in the process of completing an arrangement with RRI whereby RRI will acquire 17,500,000 outstanding common shares of Capitan at \$0.20 per share. Under the "Arrangement", each RRI shareholder will receive 0.2767 common shares of Capitan.

In connection with the Arrangement, RRI will complete its transfer of the Peñoles exploration property located in Durango, Mexico, which has book value of \$1.10 million in exploration and evaluation assets to Capitan. Consideration to be paid by Capitan for the transfer of the property will be \$3.5 million which Capitan intends to settle with the issuance of 17.5 million common shares. Upon the completion of the Arrangement, RRI will own approximately zero shares of Capitan.

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

The Board of Directors of Capitan has unanimously approved the Arrangement. The Arrangement will be carried out by way of a court-approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the shareholders of Riverside. The special meeting of shareholders of Riverside took place on March 31, 2020 and the Company had received a requisite shareholder approval for this arrangement on April 1, 2020.

In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature.

Upon closing of the Arrangement, Capitan intends to make an application to the TSX Venture Exchange for its shares to be listed for trading on the TSX Venture Exchange. If the Capitan shares do not become listed or quoted for trading on any stock exchange, this could have a material adverse effect on the liquidity of the Capitan shares and negatively impact the share price of Capitan shares following the completion of the Arrangement.

With respect to the exploration property, management of Capitan considers the Peñoles property to be material for the purposes of National Instrument 43-101 – Standards for Disclosure of Mineral Projects. Further information about the Peñoles property can be obtained from the Information Circular of Riverside, dated February 25, 2020 prepared in connection with Riverside's AGM to be held on March 31, 2020, and the 43-101 Technical Report for the Peñoles property, which is available under Riverside on www.sedar.com.

SELECTED ANNUAL INFORMATION

The Company does not have annual information.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Three-month period ended March 31, 2020

During the three months ended March 31, 2020, the Company had a net loss of \$19,214. The loss was mainly related to an increase in professional fees of \$9,181 as a result of the Company incurring additional legal, accounting and compliance fees with respect to the Arrangement.

Year to date period ended March 31, 2020

From the date of incorporation to March 31, 2020, the Company had a net loss of \$28,146. The loss was mainly related to the Company incurring \$3,500 in filing fees, \$3,051 in investor relations, \$18,113 in professional fees and \$2,681 in travel and meals. These expenses were incurred mainly due to the completion of the Arrangement.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

Property Risks

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 conveyance history of many mineral claims. Upon completion to the Arrangement, the Company intends to investigate title to all of its exploration and evaluation asset interests. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Mexico.

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

Title Risks

Although the Company will exercise due diligence with respect to determining title to the properties in which will earn a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company after the Company acquires the Peñoles property.

Environmental Regulations Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. We intend to comply fully with all environmental regulations.

The future operations of the Company, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company intends to conduct exploration activities which are subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Dependence on Key Personnel

The success of the Company will largely be dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Fluctuating Mineral and Metal Prices

Factors beyond our control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the exploration activities cannot be predicted. For example, gold prices are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. In addition, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of securities distributed hereunder will be affected by market volatility.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars.

Quarter end	Professional fee	Investor relations	Net loss	(Loss) per share (basic & fully diluted)
Mar-31-2020	9,181	-	(19,214)	(19,241)
Dec-31-2019	8,932	3,051	(8,932)	(8,932)

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

LIQUIDITY AND CAPITAL RESOURCES

Upon completion of its listing on the TSX-V, the Company currently depends on Riverside for funding of its operation. The Company will rely on equity financings and exploration alliances for its working capital requirements and to fund its planned exploration and development activities. Management ensures the Company has sufficient cash in its treasury to maintain underlying option payments and keep claims in good standing. Increase in cash and cash equivalents for the period ended March 31, 2020 was \$45,822. Working capital as at March 31, 2020 was \$13,794.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements or off-balance sheet financing structures in place.

RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are recorded at their exchange amount which is the price agreed to between the Company and the directors and officers.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

As of March 31, 2020, the Company owed Riverside \$37,502 for funding the Company's operations. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

PROPOSED TRANSACTIONS

Please refer to the "Description of Business and Overview" for the details regarding the Arrangement.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the period ended March 31, 2020. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

Exploration and Evaluation Assets

Pre-exploration costs are expensed as incurred. The Company records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, disposed of through sale, or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an on-going basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 1) whether the Company's exploration programs have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect the recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Property option payments received from its farm-out partners are recorded as a reduction to the capitalized cost of exploration and evaluation assets. Once the capitalized cost is recovered, they are recorded as property income. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

Impairment of Long-Lived Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Critical Accounting Estimates, Judgments, and Assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are noted below with further details of the assumptions contained in the relevant note.

Critical accounting judgments

- the measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets;

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

- going concern presentation of the consolidated financial statements as discussed in Note 1, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due; and
- management's determination of the functional currency of the Company and each of its subsidiaries requires judgment based on the factors outline in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. That of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Share-based payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

Financial instruments

Financial assets

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

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

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

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

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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

Financial asset or liability	IFRS 9 Classification
Cash	FVTPL
Receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to Riverside Resources Inc.	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category comprises liabilities initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

Capitan Mining Inc.

Management Discussion and Analysis

From the date of incorporation to period ended March 31, 2020

The Company has classified its cash as FVTPL. The Company's receivables, accounts payable and accrued liabilities and due to Riverside Resources Inc. are classified as amortized cost. Refer to the annual audited financial statement September 30, 2019, Note 17 for additional details.

Financial instruments

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

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

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

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

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

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages liquidity risk through the management of its funding from Riverside.

Price risk

The Company is exposed to price risk with respect to commodity prices. 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.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities that are denominated in Mexican pesos.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the Mexican peso. A 10% fluctuation in the Mexico peso against the Canadian dollar is not significant.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares. The Company has one (1) common share issued and outstanding as of the date of this MD&A.

SCHEDULE "C"

**CARVE-OUT MANAGEMENT DISCUSSION AND ANALYSIS OF
RIVERSIDE FOR THE INTERIM PERIOD ENDED MARCH 31, 2020**

(see attached)

Riverside Resources Inc. Carve-Out Management's Discussion and Analysis

For the Six Months Ended March 31, 2020

Riverside Resources Inc. Carve-Out

Management Discussion and Analysis

For the six months ended March 31, 2020

GENERAL

The following Management Discussion and Analysis (“MD&A”) of Riverside Resources Inc. Carve-out (the “Entity” or “Carve-out”) has been prepared by management, in accordance with the requirements of National Instrument 51-102 (“NI 51-102”) as of June 8, 2020 and should be read in conjunction with the audited carve-out financial statements of the Entity for the six months ended March 31, 2020 and 2019 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Entity.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Entity, unless specifically noted.

Management of Riverside Resources Inc. (“Riverside”) is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Entity’s Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board’s audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Entity’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Entity’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; and the potential for conflicts of interest among certain officers or directors with certain other projects. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Entity undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Entity’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Entity is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

DESCRIPTION OF BUSINESS AND OVERVIEW

The Entity is a mineral exploration entity focused on properties in Mexico. The Entity’s principal property is the Peñoles project in Mexico.

Riverside Resources Inc. Carve-Out

Management Discussion and Analysis

For the six months ended March 31, 2020

SIGNIFICANT EVENTS/OVERALL PERFORMANCE

During the six months ended March 31, 2020, Riverside Resources Inc. (“Riverside”) began a strategic reorganization of its exploration business.

In connection with the reorganization, the Entity (through its wholly-owned Mexican subsidiary), will complete the acquisition of the Peñoles Property from Riverside Resources Inc. (“Riverside”) for \$3.5 million to be paid by the issuance of 17,500,000 common shares Riverside will then complete a share capital reorganization by way of statutory plan of arrangement (“Arrangement”) whereby Riverside will spin-out the SpinCo Shares to Riverside’s shareholders. Prior to completing the Arrangement, Entity intends to complete a private placement to raise proceeds of \$2,000,000 by the issuance of 10,000,000 common shares at \$0.20 per share.

Upon closing of the Arrangement, but prior to completion of the private placement, the Entity will be owned exclusively by existing Riverside shareholders, keeping their identical proportion to their pre-Arrangement shareholdings of Riverside.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by Riverside shareholders, receipt of court and necessary regulatory approvals and securing the required financing.

The carve-out combined financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by Riverside.

MINERAL PROPERTY

Peñoles Project, Durango, Mexico

The Peñoles Project, 100% owned by the Entity, comprises a large land package of approximately 2,600 hectares located in north-central Durango State within the globally important Central Mexico Silver Belt. Peñoles is an advanced project having been partially delineated for gold and silver mineralization with 86 drill-holes (approx. 11,500 metres total). These drill-holes have been used to define a NI43-101-compliant Inferred Resources for the Capitan gold deposit and the nearby Jesus Maria silver deposit. The reader is referred to Riverside’s website and SEDAR filings for detailed information on the resource estimates and on the various exploration programs that have been completed on the Project.

The Entity continued detailed field studies, modeling of the geology, targeting and three-dimensional geology volume evaluations. Project work, access efforts and long-term access agreement were progressed during June 2019 and throughout the 2020 financial year. The community efforts included helping with local programs and hiring local people for work and special projects in the community.

The data modeling identified high-grade target zones at a regional scale which outlines the possibilities for brownfields new discoveries in the overall district. During the past months, neighboring company Fresnillo conducted drilling on their ground and Riverside looks to integrate knowledge gained into a more complete project modeling.

During the last quarter of 2018 the Entity’s geologists re-examined the exploration potential for the Gully Fault, open pit targets, and satellite target areas. A new soil survey and other work was completed on the property. A majority of the past drill-holes that tested the Jesus Maria silver deposit are now reinterpreted building upon the re-logged and updated analysis that was made of existing drill core geochemical data which resulted in an improved understanding of the types of silver mineralization found at Jesus Maria. More importantly, the re-examination of the Jesus Maria database now gives the Entity a better idea of where the best potential lies to increase the Project’s silver resource.

Riverside Resources Inc. Carve-Out

Management Discussion and Analysis

For the six months ended March 31, 2020

Peñoles project for final quarter of the calendar year and first quarter of the Entity financial year had primary work including field exploration and evaluation plus work on computer modeling of the geophysics and related data. Geophysical data was reviewed, modeled and updated targeting completed during these two periods of time. This work and similar exploration is planned for the rest of 2020.

SELECTED ANNUAL INFORMATION

The following is a summary of certain selected annual financial information for the most recent three fiscal years.

	Year Ended September 30, 2019 (audited)	Year Ended September 30, 2018 (audited)	Year Ended September 30, 2017 (unaudited)
Total Revenues	\$ Nil	\$ Nil	\$ Nil
Net Loss	177,209	161,143	219,393
Total Assets	1,360,583	1,274,557	1,015,386
Long-term Liabilities	\$ 5,418,338	\$ 5,047,926	\$ 4,649,900

SUMMARY OF QUARTERLY RESULTS

The following is a summary of certain selected unaudited financial information for the most recent eight fiscal quarters.

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Loss	60,552	49,390	33,949	64,351
Comprehensive loss (income)	544,586	(42,288)	92,822	106,979

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Loss	53,681	25,227	44,971	29,128
Comprehensive loss (income)	74,694	9,890	32,821	132,588

RESULTS OF OPERATIONS

Six months ended March 31, 2020 and 2019

The Entity is still in the exploration stage without any producing properties.

Expenses	Notes	Six Months ended March 31, 2020	Six Months ended March 31, 2019
Consulting fees	1	\$ 25,819	\$ 31,469
Directors fees		3,600	4,200
Foreign exchange gain		(22,553)	(11,816)
General and administration		18,324	12,217
Investor relations	2	27,405	24,174
Professional fees	3	49,414	10,926
Rent		7,933	7,739
Total expenses		\$ 109,942	\$ 78,909

Riverside Resources Inc. Carve-Out

Management Discussion and Analysis

For the six months ended March 31, 2020

Notes:

1. Consulting fees for the six months ended March 31, 2020 were lower than the six months ended March 31, 2020 as a result of a decrease in financial advisory services retained during the periods.
2. Investor relations for the six months ended March 31, 2020 were higher than the six months ended March 31, 2019 due to the Entity retaining investor relation services in connection with the increased promotional activities during the periods.
3. Professional fees were higher in the six months ended March 31, 2020 than the six months ended March 31, 2019 due to the Entity incurring the additional legal, accounting and compliance services in connection with the completion of Arrangement.

Three months ended March 31, 2020 and 2019

Expenses	Notes	Three months ended March 31, 2020	Three months ended March 31, 2019
Consulting fees		\$ 13,523	\$ 16,344
Directors fees		1,800	1,800
Foreign exchange loss (gain)		(28,918)	4,762
General and administration	1	14,845	7,096
Investor relations		15,784	13,731
Professional fees	2	39,455	6,079
Rent		4,063	3,869
Total expenses		\$ 60,552	\$ 53,681

Notes:

1. General and administration for the three months ended March 31, 2020 were higher than the three months ended March 31, 2019 due to the Entity incurring the additional transfer agent and filing fees in connection with the completion of Arrangement.
2. Professional fees were higher in the three months ended March 31, 2020 than the three months ended March 31, 2019 due to the Entity incurring the additional legal, accounting and compliance services in connection with the completion of Arrangement.

There were no other significant variations in operating expenses during the three months ended March 31, 2020 and 2019.

LIQUIDITY AND CAPITALIZATION

Working Capital

The Entity had no working capital as at March 31, 2020 and 2019. Please refer to Note 1 (going concern).

Long-Term Liability

The Entity had no long-term liabilities as at March 31, 2020 and 2019.

RELATED PARTY TRANSACTIONS

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Entity. The Entity has determined that key management personnel consist of executive and non-executive members of the Entity's Board of Directors and corporate officers.

Riverside Resources Inc. Carve-Out

Management Discussion and Analysis

For the six months ended March 31, 2020

During the six months ended March 31, 2020, there were no related party transactions, except as disclosed elsewhere.

As at March 31, 2020 and September 30, 2019, the following amounts were due to Riverside:

	As at March 31, 2020	As at September 30, 2019
Due to Riverside	\$ 5,434,867	\$ 5,418,338

OFF-BALANCE SHEET ARRANGEMENTS

The Entity has no undisclosed off-balance sheet arrangements or off-balance sheet financing structures in place.

PROPOSED TRANSACTIONS

Please refer to the “Significant Events/Overall Performance” note for details regarding the Arrangement.

CHANGE IN ACCOUNTING POLICIES

Please refer to the carve-out financial statements for the six months ended March 31, 2020 and 2019.

FUTURE ACCOUNTING CHANGES

Please refer to the carve-out financial statements for the six months ended March 31, 2020 and 2019.

CRITICAL ACCOUNTING ESTIMATES

Please refer to the carve-out financial statements for the six months ended March 31, 2020 and 2019.

FINANCIAL INSTRUMENTS

Please refer to the carve-out financial statements for the six months ended March 31, 2020 and 2019.

RISKS AND UNCERTAINTIES

All of the Entity’s operations involve mineral exploration and development and there is no guarantee that any such activity will result in commercial production of deposits. Mineral exploration and development involve substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Examples of these risks include, but are not limited to:

Liquidity risk

The Entity’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Entity manages liquidity risk through the management of its capital structure.

Riverside Resources Inc. Carve-Out

Management Discussion and Analysis

For the six months ended March 31, 2020

Price risk

The Entity is exposed to price risk with respect to commodity prices. 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 Entity 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 Entity.

Foreign currency risk

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

Sensitivity analysis

The Entity operates in Mexico and is exposed to risk from changes in the US dollar (US) and the Mexican peso.

SCHEDULE "D"

**CARVE-OUT FINANCIAL STATEMENTS OF RIVERSIDE
FOR THE INTERIM PERIOD ENDED MARCH 31, 2020**

(see attached)

RIVERSIDE RESOURCES INC. CARVE-OUT

CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
For the Six Months Ended March 31, 2020

(An Exploration Stage Enterprise)
(Expressed in Canadian Dollars)
(Unaudited- Prepared by Management)

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Condensed Interim Carve-Out Statements of Financial Position as at:

(Unaudited- Expressed in Canadian Dollars)

	Note	March 31, 2020	September 30, 2019
Assets			
Non-Current assets:			
Exploration and evaluation assets	6	\$ 1,103,730	\$ 1,360,583
		<u>\$ 1,103,730</u>	<u>\$ 1,360,583</u>
Liabilities and Equity			
Equity:			
Contributions from Riverside Resources Inc.	7	\$ 5,434,867	\$ 5,418,338
Deficit		(3,821,741)	(3,711,799)
Accumulated other comprehensive loss		(509,396)	(345,956)
		<u>\$ 1,103,730</u>	<u>\$ 1,360,583</u>

Nature and continuance of operations (Note 1)

On behalf of the Board on June 8, 2020

“Walter Henry” Director
Water Henry

“Carol Ellis” Director
Carol Ellis

The accompanying notes are an integral part of these carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Condensed Interim Carve-out Statements of Loss and Comprehensive Loss

(Unaudited- Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2020	Three months ended March 31, 2019	Six months ended March 31, 2020	Six Months ended March 31, 2019
Expenses					
Consulting fees		\$ 13,523	\$ 16,344	\$ 25,819	\$ 31,469
Director fees		1,800	1,800	3,600	4,200
Foreign exchange gain		(28,918)	4,762	(22,553)	(11,816)
General and administration		14,845	7,096	18,324	12,217
Investor relations		15,784	13,731	27,405	24,174
Professional fees		39,455	6,079	49,414	10,926
Rent		4,063	3,869	7,933	7,739
Net loss for the period		(60,552)	(53,681)	(109,942)	(78,909)
Foreign exchange movements		(484,034)	(21,013)	(392,356)	(5,676)
Comprehensive loss for the period		\$ (544,586)	\$ (74,694)	\$ (502,298)	\$ (84,585)

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Condensed Interim Carve-out Statements of Cash Flows for the six months ended March 31,
(Unaudited- Expressed in Canadian Dollars)

	Note	2020	2019
OPERATING ACTIVITIES			
Net loss for the period		\$ (109,942)	\$ (78,909)
Change in non-cash working capital items:			
Accounts payable and accrued liabilities		-	-
		(109,942)	(78,909)
INVESTING ACTIVITIES			
Exploration and evaluation assets (net of recoveries)		256,853	(41,642)
		256,853	(41,642)
FINANCING ACTIVITIES			
Contributions from Riverside Resources Inc.		245,445	126,227
Effect of foreign exchange on cash		(392,356)	(5,676)
Change in cash		-	-
Cash, beginning of the period		\$ -	\$ -
Cash, end of the period		\$ -	\$ -

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Condensed Interim Carve-out Statements of Changes in Equity

(Unaudited- Expressed in Canadian Dollars)

	Note	Contributions from Riverside Resources Inc.	Deficit	Accumulated other comprehensive loss	Total
Balance at September 30, 2018		\$ 5,047,926	\$ (3,534,950)	\$ (238,779)	\$ 1,274,197
Issued for:					
Contributions from Riverside Resources Inc.		126,227	-	-	126,227
Loss for the period		-	(78,909)	-	(78,909)
Foreign exchange movements		-	-	(5,676)	(5,676)
Balance at March 31, 2019		\$ 5,174,153	\$ (3,613,859)	(244,455)	1,316,199
Balance at September 30, 2019		\$ 5,418,338	\$ (3,711,799)	\$ (345,956)	\$ 1,360,583
Issued for:					
Contributions from Riverside Resources Inc.		245,445	-	-	245,445
Loss for the period		-	(109,942)	-	(109,942)
Foreign exchange movements		-	-	(392,356)	(392,356)
Balance at March 31, 2020		\$ 5,663,783	\$ (3,821,741)	\$ (738,312)	\$ 1,103,730

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Riverside Resources Inc. Carve-Out (the “Entity”) is a mineral exploration and evaluation entity that is engaged in the acquisition, exploration and evaluation of exploration and evaluation assets in Mexico.

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

The Entity’s ability to continue operations is uncertain and is dependent upon the ability of the Entity to obtain necessary financing to meet the Entity’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 carve-out financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Entity be unable to continue operations.

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.

2. Arrangement Agreement

During the period ended March 31, 2020, Riverside Resources Inc. (“Riverside”) began a strategic reorganization of its exploration business.

In connection with the reorganization, the Entity (through its wholly-owned Mexican subsidiary), will complete the acquisition of the Peñoles Property from Riverside for \$3.5 million to be paid by the issuance of 17,500,000 common shares (“SpinCo Shares”) to Riverside. Riverside will then complete a share capital reorganization by way of statutory plan of arrangement (“Arrangement”) whereby Riverside will spin-out the SpinCo Shares to Riverside’s shareholders. Prior to completing the Arrangement, the Entity intends to complete a private placement to raise proceeds of \$2,000,000 by the issuance of 10,000,000 common shares at \$0.20 per share.

Upon closing of the Arrangement, but prior to completion of the private placement, the Entity will be owned exclusively by existing Riverside shareholders, keeping their identical proportion to their pre-Arrangement shareholdings of Riverside.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by Riverside shareholders, receipt of court and necessary regulatory approvals and securing the required financing.

These carve-out combined financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by Riverside.

3. Basis of presentation

These carve-out financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

3. Basis of presentation (continued)

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Entity in connection with the Arrangement detailed in Note 2. Therefore, these carve-out financial statements present the historical financial information of Riverside that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of Riverside that are attributable to the Entity.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records of Riverside with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by Riverside which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity;
- The carve-out statement of loss and comprehensive loss included a pro-rata allocation of Riverside's income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of Riverside's exploration and evaluation assets, and based on specifically identifiable activities attributable to the Entity. The allocation of income and expense for each period presented is as follows: 2019 and 2018 - 20%. The percentages are considered reasonable under the circumstances;
- Income taxes have been calculated as if the Entity had been a separate legal entity and had filed separate tax returns for the period presented.

Management cautions readers of these carve-out financial statements that the Entity's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Entity's future income and operating expenses. Riverside's investment in the Entity, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

4. Statement of compliance

These condensed interim carve out 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").

5. Significant accounting policies

(a) Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Entity is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(a) Foreign currency translation (continued)

Transactions in currencies other than the functional currency for an entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the profit or loss.

(b) Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. The Entity records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Entity records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, disposed of through sale, or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an on-going basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 1) whether the Entity's exploration programs have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect the recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Entity to bring its projects into production.

Property option payments received from its farm-out partners are recorded as a reduction to the capitalized cost of exploration and evaluation assets. Once the capitalized cost is recovered, they are recorded as property income. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

(c) Provision for environmental rehabilitation

The Entity recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Entity's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Entity currently does not have any significant provisions for environmental rehabilitation.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(d) Impairment of long-lived assets

At the end of each reporting period, the Entity's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(e) Critical accounting estimates, judgments, and assumptions

The preparation of these carve-out financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These carve-out financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the carve-out financial statements are noted below with further details of the assumptions contained in the relevant note.

Exploration and evaluation assets

Exploration and evaluation costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Entity is required to make estimates and judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Entity to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or the ability to generate future cash flows necessary to cover or exceed the carrying value of the Entity's exploration and evaluation assets properties.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(e) Critical accounting estimates, judgments, and assumptions (continued)

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

Critical accounting judgments

- the measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Deferred tax assets require management to assess the likelihood that the Entity will generate taxable income in future periods in order to utilize recognized deferred tax assets;
- going concern presentation of the carve-out financial statements as discussed in Note 1, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due; and
- management's determination of the functional currency of the Entity requires judgment based on the factors outline in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

(f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they revert, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(g) Financial instruments

Financial assets

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

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

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

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

Impairment of financial assets at amortized cost: The Entity assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Entity compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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

Financial asset or liability	IFRS 9 Classification
Accounts payable and accrued liabilities	Amortized cost

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(g) Financial instruments (continued)

Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Entity's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Amortized cost - This category comprises liabilities initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

The Entity's accounts payable and accrued liabilities are classified as amortized cost.

(h) Contributions

Contributions from Riverside to the Entity are presented as part of equity. The Entity has no share capital, options or warrants, and as a result, there is no applicable share-related disclosures.

(i) Management fees

Management fees are earned on exploration alliance arrangements where the Entity is the operator of the underlying exploration program. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

New Accounting Policies Adopted

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

IFRS 16- Leases (new; replaces IAS 17)

On October 1, 2019, the Entity adopted IFRS 16, which supersedes IAS 17- Leases ("IAS 17"). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Entity has assessed its monthly office rent payments and concluded that it does not meet the definition of a lease in the context of IFRS 16. As such, the adoption of the standard did not have an impact on the Entity's carve-out financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments:

On October 1, 2019, the Entity adopted IFRIC 23, which is a new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of this standard did not have a significant impact on the Entity's carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

6. Exploration and evaluation assets

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 Entity has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interest in which the Entity has committed to earn an interest is located in Mexico.

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

Peñoles, Durango, Mexico

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

During the year ended September 30, 2019, the Entity received \$141,213 (2018 - \$140,933) in cash as land taxes recovery from the Government in Mexico.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

6. Exploration and evaluation assets (continued)

For the period ended	March 31, 2020	September 30, 2019
Acquisition costs	\$ 23,678	\$ 28,937
Exploration costs		
Access	-	-
Assaying	408	2,306
Field & camp costs	10,538	12,135
Geological consulting	67,472	226,359
Transport & support	22,983	48,250
Total current exploration costs	101,401	289,050
Professional & other fees		
Professional consulting	6,000	6,000
Legal fees	3,293	10,429
Others	1,131	-
Total current professional & other fees	10,424	16,429
Total costs incurred during the period	135,503	334,416
Balance, Opening	1,360,583	1,274,557
Recoveries	-	(141,213)
Write off	-	-
Foreign exchange movements	(392,356)	(107,177)
Balance, End of the period	\$ 1,103,730	\$ 1,360,583

Cumulative costs:	As at March 31, 2020	As at September 30, 2019
Acquisition	\$ 4,004,317	\$ 3,980,639
Exploration	2,027,583	1,926,182
Professional & other fees	711,270	700,846
Recoveries	(4,665,613)	(4,665,613)
Foreign exchange movements	(973,827)	(581,471)
Total	\$ 1,103,730	\$ 1,360,583

7. Contributions from Riverside

Riverside's investment in the operations of Carve-out is presented as contributions from Riverside in the carveout financial statements. Deficit/Capital contributions represent the accumulated net losses of the carve-out operation, the accumulated net contributions from Riverside

Net financing transactions with Riverside as presented in the carve-out statements of cash flows represents the net contributions related to the funding of operations between Carve-out and Riverside.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

8. Capital management

As a separate resource exploration activity, the Entity does not have share capital and its equity is a carve-out amount from Riverside's equity. Riverside has no debt and does not expect to enter into debt financing.

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

There were no changes in the Entity's approach to capital management during the period ended March 31, 2020. The Entity is not currently subject to externally imposed capital requirements.

9. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Entity as a whole. The Entity has determined that key management personnel consist of executive and non-executive members of the Entity's Board of Directors and corporate officers.

As of March 31, 2020, there were no related party transactions.

10. 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 Entity's accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Carve-Out Financial Statements for the period ended March 31, 2020

(Expressed in Canadian Dollars)

10. Financial instruments (continued)

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

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Entity manages liquidity risk through the management of its capital structure.

Price risk

The Entity is exposed to price risk with respect to commodity prices. 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 Entity 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 Entity.

Foreign currency risk

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

Sensitivity analysis

The Entity operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso.

11. Segmented information

The Entity operates in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico.

SCHEDULE "E"

**CARVE-OUT MANAGEMENT DISCUSSION AND ANALYSIS OF RIVERSIDE
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

(see attached)

Riverside Resources Inc. Carve-Out Management's Discussion and Analysis

For the Years Ended September 30, 2019 and 2018

GENERAL

The following Management Discussion and Analysis (“MD&A”) of Riverside Resources Inc. Carve-out (the “Entity” or “Carve-out”) has been prepared by management, in accordance with the requirements of National Instrument 51-102 (“NI 51-102”) as of February 21, 2020 and should be read in conjunction with the audited carve-out financial statements of the Entity for the year ended September 30, 2019 and 2018 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Entity.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Entity, unless specifically noted.

Management of Riverside Resources Inc. (“Riverside”) is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Entity’s Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board’s audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Entity’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Entity’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; and the potential for conflicts of interest among certain officers or directors with certain other projects. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Entity undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Entity’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Entity is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

DESCRIPTION OF BUSINESS AND OVERVIEW

The Entity is a mineral exploration entity focused on properties in Mexico. The Entity’s principal property is the Peñoles project in Mexico.

SIGNIFICANT EVENTS/OVERALL PERFORMANCE

Subsequent to September 30, 2019, Riverside Resources Inc. ("Riverside") intends to strategically reorganize its exploration business.

In connection with the reorganization, the Entity (through its wholly-owned Mexican subsidiary), will complete the acquisition of the Peñoles Property from Riverside Resources Inc. ("Riverside") for \$3.5 million to be paid by the issuance of 17,500,000 common shares Riverside will then complete a share capital reorganization by way of statutory plan of arrangement ("Arrangement") whereby Riverside will spin-out the SpinCo Shares to Riverside's shareholders. Prior to completing the Arrangement, Entity intends to complete a private placement to raise proceeds of \$2,000,000 by the issuance of 10,000,000 common shares at \$0.20 per share.

Upon closing of the Arrangement, but prior to completion of the private placement, Entity will be owned exclusively by existing Riverside shareholders, keeping their identical proportion to their pre-Arrangement shareholdings of Riverside.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by Riverside shareholders, receipt of court and necessary regulatory approvals and securing the required financing.

The carve-out combined financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by Riverside.

MINERAL PROPERTY

Peñoles Project, Durango, Mexico

The Peñoles Project, 100% owned by the Entity, comprises a large land package of approximately 6,862 hectares located in north-central Durango State within the globally important Central Mexico Silver Belt. Peñoles is an advanced project having been partially delineated for gold and silver mineralization with 86 drill-holes (approx. 11,500 metres total). These drill-holes have been used to define a NI43-101-compliant Inferred Resources for the Capitan gold deposit and the nearby Jesus Maria silver deposit. The reader is referred to Riverside's website and SEDAR filings for detailed information on the resource estimates and on the various exploration programs that have been completed on the Project.

The Entity continued detailed field studies, modeling of the geology, targeting and three-dimensional geology volume evaluations. Project work, access efforts and long-term access agreement were progressed during June and throughout the 2019 financial year. The community efforts included helping with local programs and hiring local people for work and special projects in the community.

The data modeling identified high-grade target zones at a regional scale which outlines the possibilities for brownfields new discoveries in the overall district. During the past months, neighboring company Fresnillo completed drilling on their ground and Riverside looks to integrate knowledge gained into a more complete project modeling.

During the last quarter of 2018 the Entity's geologists re-examined the exploration potential for the Gully Fault, open pit targets, and satellite target areas. New soil survey and other work is on-going. A majority of the past drill-holes that tested the Jesus Maria silver deposit are now reinterpreted building upon the re-logged and updated analysis that was made of existing drill core geochemical data which resulted in an improved understanding of the types of silver mineralization found at Jesus Maria. More importantly, the re-examination of the Jesus Maria database now gives the Entity a better idea of where the best potential lies to increase the Project's silver resource.

Peñoles project for final quarter of the calendar year and first quarter of the Entity financial year had work in the field and computer on the geophysics which will be used further in 2019.

Riverside Resources Inc. Carve-Out
Management Discussion and Analysis
For the years ended September 30, 2019 and 2018

SELECTED ANNUAL INFORMATION

The following is a summary of certain selected annual financial information for the most recent three fiscal years.

	Year Ended September 30, 2019 (audited)	Year Ended September 30, 2018 (audited)	Year Ended September 30, 2017 (unaudited)
Total Revenues	\$ Nil	\$ Nil	\$ Nil
Net Loss	177,209	161,143	219,393
Total Assets	1,360,583	1,274,557	1,015,386
Long-term Liabilities	\$ 5,418,338	\$ 5,047,926	\$ 4,649,900

SUMMARY OF QUARTERLY RESULTS

The following is a summary of certain selected unaudited financial information for the most recent eight fiscal quarters.

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Loss	33,949	64,351	53,681	25,227
Comprehensive loss (income)	92,822	106,979	74,694	9,890

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Loss	44,971	29,128	32,326	54,719
Comprehensive loss (income)	32,821	132,588	(335,288)	308,735

RESULTS OF OPERATIONS

Years ended September 30, 2019 and 2018

The Entity is still in the exploration stage without any producing properties.

Expenses	Notes	Year ended September 30, 2019	Year ended September 30, 2018
Consulting fees		\$ 57,647	\$ 62,474
Directors fees		7,800	9,600
Foreign exchange gain	1	(4,366)	(19,466)
General and administration		21,564	21,883
Investor relations	2	49,389	37,513
Professional fees		29,697	24,005
Rent	3	15,478	25,134
Total expenses		\$ 177,209	\$ 161,143

Riverside Resources Inc. Carve-Out
Management Discussion and Analysis
For the years ended September 30, 2019 and 2018

Notes

1. Consulting fee for the year ended September 30, 2019 were lower than the year ended September 30, 2018 as a result of a decrease in financial advisory services retained during the year.
2. Investor relations for the year ended September 30, 2019 was higher than the year ended September 30, 2018 due to the Entity retaining investor relation services in connection with the completed private placement in the year ended September 30, 2019.
3. Rent was lower in the year ended September 30, 2019 than the year ended September 30, 2018 due to the Entity moving and entering into a new rental agreement with a lower rate in the year ended September 30, 2019.

Three months ended September 30, 2019 and 2018

Expenses	Notes	Three months ended September 30, 2019	Three months ended September 30, 2018
Consulting fees		\$ 11,554	\$ 16,413
Directors fees		1,800	2,400
Foreign exchange loss (gain)	1	(4,883)	1,938
General and administration		2,810	5,247
Investor relations	2	13,929	8,912
Professional fees		4,869	6,191
Rent	3	3,870	3,870
Total expenses		\$ 33,949	\$ 44,971

There were no significant variations in operating expenses during the three months ended September 30, 2019 and 2018.

LIQUIDITY AND CAPITALIZATION

Working Capital

The Entity had no working capital as at September 30, 2019 and September 30, 2018. Please refer to Note 1 (going concern).

Long-Term Liability

The Entity had no long-term liabilities as at September 30, 2019 and 2018

RELATED PARTY TRANSACTIONS

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Entity. The Entity has determined that key management personnel consist of executive and non-executive members of the Entity's Board of Directors and corporate officers.

During the years ended September 30, 2019 and 2018, there were no related party transactions, except as disclosed elsewhere.

Riverside Resources Inc. Carve-Out
Management Discussion and Analysis
For the years ended September 30, 2019 and 2018

As at September 30, 2019 and 2018, the following amounts were due to Riverside:

	As at September 30, 2019	As at September 30, 2018
Due to Riverside	\$ 5,418,338	\$ 5,047,926

OFF-BALANCE SHEET ARRANGEMENTS

The Entity has no undisclosed off-balance sheet arrangements or off-balance sheet financing structures in place.

PROPOSED TRANSACTIONS

Please refer to the "Significant Events/Overall Performance" note for details regarding the Arrangement.

CHANGE IN ACCOUNTING POLICIES

Please refer to the carve-out financial statements for the years ended September 30, 2019 and 2018.

FUTURE ACCOUNTING CHANGES

Please refer to the carve-out financial statements for the years ended September 30, 2019 and 2018.

CRITICAL ACCOUNTING ESTIMATES

Please refer to the carve-out financial statements for the years ended September 30, 2019 and 2018.

FINANCIAL INSTRUMENTS

Please refer to the carve-out financial statements for the years ended September 30, 2019 and 2018.

RISKS AND UNCERTAINTIES

All of the Entity's operations involve mineral exploration and development and there is no guarantee that any such activity will result in commercial production of deposits. Mineral exploration and development involve substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Examples of these risks include, but are not limited to:

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Entity manages liquidity risk through the management of its capital structure.

Price risk

The Entity is exposed to price risk with respect to commodity prices. 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 Entity 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 Entity.

Foreign currency risk

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

Sensitivity analysis

The Entity operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso.

SCHEDULE "F"

**RIVERSIDE AUDITED CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

(see attached)

RIVERSIDE RESOURCES INC. CARVE-OUT

CARVE-OUT FINANCIAL STATEMENTS
September 30, 2019 and 2018

(An Exploration Stage Enterprise)
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Riverside Resources Inc.

Opinion

We have audited the accompanying carve-out financial statements of Riverside Resources Inc. (the "Company"), which comprise the carve-out statements of financial position as at September 30, 2019 and 2018 and the carve-out statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the carve-out financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the carve-out financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the carve-out financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor's Responsibilities for the Audit of the Carve-out Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

February 21, 2020

RIVERSIDE RESOURCES INC. CARVE-OUT
 (An Exploration Stage Enterprise)
 Carve-Out Statements of Financial Position as at September 30,
 (Expressed in Canadian Dollars)

	Note	2019	2018
Assets			
Non-Current assets:			
Exploration and evaluation assets	6	1,360,583	1,274,557
		<u>1,360,583</u>	<u>1,274,557</u>
Liabilities and Equity			
Equity:			
Contributions from Riverside Resources Inc.	7	5,418,338	5,047,926
Deficit		(3,711,799)	(3,534,590)
Accumulated other comprehensive loss		(345,956)	(238,779)
		<u>1,360,583</u>	<u>1,274,557</u>

Nature and continuance of operations (Note 1)

On behalf of the Board on February 21, 2020

“Walter Henry” Director
 Water Henry

“Carol Ellis” Director
 Carol Ellis

The accompanying notes are an integral part of these carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Carve-out Statements of Loss and Comprehensive Loss for the years ended September 30,

(Expressed in Canadian Dollars)

	Note	2019	2018
Expenses			
Consulting fees		\$ 57,647	\$ 62,474
Director fees		7,800	9,600
Foreign exchange gain		(4,366)	(19,466)
General and administration		21,564	21,883
Investor relations		49,389	37,513
Professional fees		29,697	24,005
Rent		15,478	25,134
Net loss for the year		(177,209)	(161,143)
Foreign exchange movements		(107,177)	22,288
Comprehensive loss for the year		\$ (284,386)	\$ (138,855)

The accompanying notes are an integral part of these carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Carve-out Statements of Cash Flows for the years ended September 30,

(Expressed in Canadian Dollars)

	Note	2019	2018
OPERATING ACTIVITIES			
Loss for the year		\$ (177,209)	\$ (161,143)
Change in non-cash working capital items:			
Accounts payable and accrued liabilities		-	-
		(177,209)	(161,143)
INVESTING ACTIVITIES			
Exploration and evaluation assets		(227,239)	(400,104)
Land tax recoveries from Mexico government		141,213	140,933
		(86,026)	(259,171)
FINANCING ACTIVITIES			
Contributions from Riverside Resources Inc.		370,412	398,026
Effect of foreign exchange on cash		(107,177)	22,288
Change in cash		-	-
Cash, beginning of the year		\$ -	\$ -
Cash, end of the year		\$ -	\$ -

The accompanying notes are an integral part of these carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Carve-out Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Note	Contributions from Riverside Resources Inc.	Deficit	Accumulated other comprehensive loss	Total
Balance at September 30, 2017		\$ 4,649,900	\$ (3,373,447)	\$ (261,067)	\$ 1,015,386
Issued for:					
Contributions from Riverside Resources Inc.		398,026	-	-	398,026
Loss for the year		-	(161,143)	-	(161,143)
Foreign exchange movements		-	-	22,288	22,288
Balance at September 30, 2018		\$ 5,047,926	\$ (3,534,950)	\$ (238,779)	\$ 1,274,557
Issued for:					
Contributions from Riverside Resources Inc.		370,412	-	-	370,412
Loss for the year		-	(177,209)	-	(177,209)
Foreign exchange movements		-	-	(107,177)	(107,177)
Balance at September 30, 2019		\$ 5,418,338	\$ (3,711,799)	\$ (345,956)	\$ 1,360,583

The accompanying notes are an integral part of these carve-out financial statements.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Riverside Resources Inc. Carve-Out (the "Entity") is a mineral exploration and evaluation entity that is engaged in the acquisition, exploration and evaluation of exploration and evaluation assets in Mexico.

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

The Entity's ability to continue operations is uncertain and is dependent upon the ability of the Entity to obtain necessary financing to meet the Entity'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 carve-out financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Entity be unable to continue operations.

2. Arrangement Agreement

Subsequent to September 30, 2019, Riverside intends to strategically reorganize its exploration business.

In connection with the reorganization, the Entity (through its wholly-owned Mexican subsidiary), will complete the acquisition of the Peñoles Property from Riverside Resources Inc. ("Riverside") for \$3.5 million to be paid by the issuance of 17,500,000 common shares ("SpinCo Shares") to Riverside. Riverside will then complete a share capital reorganization by way of statutory plan of arrangement ("Arrangement") whereby Riverside will spin-out the SpinCo Shares to Riverside's shareholders. Prior to completing the Arrangement, Entity intends to complete a private placement to raise proceeds of \$2,000,000 by the issuance of 10,000,000 common shares at \$0.20 per share.

Upon closing of the Arrangement, but prior to completion of the private placement, the Entity will be owned exclusively by existing Riverside shareholders, keeping their identical proportion to their pre-Arrangement shareholdings of Riverside.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by Riverside shareholders, receipt of court and necessary regulatory approvals and securing the required financing.

These carve-out combined financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by Riverside.

3. Basis of presentation

These carve-out financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Entity in connection with the Arrangement detailed in Note 2. Therefore, these carve-out financial statements present the historical financial information of Riverside that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of Riverside that are attributable to the Entity.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

3. Basis of presentation (continued)

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records of Riverside with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by Riverside which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity;
- The carve-out statement of loss and comprehensive loss included a pro-rata allocation of Riverside's income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of Riverside's exploration and evaluation assets, and based on specifically identifiable activities attributable to the Entity. The allocation of income and expense for each period presented is as follows: 2019 and 2018 - 20%. The percentages are considered reasonable under the circumstances;
- Income taxes have been calculated as if the Entity had been a separate legal entity and had filed separate tax returns for the period presented.

Management cautions readers of these carve-out financial statements that the Entity's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Entity's future income and operating expenses. Riverside's investment in the Entity, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

4. Statement of compliance

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

5. Significant accounting policies

(a) Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Entity is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the functional currency for an entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the profit or loss.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(b) Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. The Entity records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Entity records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, disposed of through sale, or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an on-going basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 1) whether the Entity's exploration programs have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect the recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Entity to bring its projects into production.

Property option payments received from its farm-out partners are recorded as a reduction to the capitalized cost of exploration and evaluation assets. Once the capitalized cost is recovered, they are recorded as property income. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(c) Provision for environmental rehabilitation

The Entity recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Entity's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Entity currently does not have any significant provisions for environmental rehabilitation.

(d) Impairment of long-lived assets

At the end of each reporting period, the Entity's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(e) Critical accounting estimates, judgments, and assumptions

The preparation of these carve-out financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These carve-out financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the carve-out financial statements are noted below with further details of the assumptions contained in the relevant note.

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(e) Critical accounting estimates, judgments, and assumptions (continued)

Exploration and evaluation assets

Exploration and evaluation costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Entity is required to make estimates and judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Entity to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or the ability to generate future cash flows necessary to cover or exceed the carrying value of the Entity's exploration and evaluation assets properties.

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

Critical accounting judgments

- the measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Deferred tax assets require management to assess the likelihood that the Entity will generate taxable income in future periods in order to utilize recognized deferred tax assets;
- going concern presentation of the carve-out financial statements as discussed in Note 1, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due; and
- management's determination of the functional currency of the Entity requires judgment based on the factors outline in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

(f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they revert, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

RIVERSIDE RESOURCES INC. CARVE-OUT

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Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(g) Financial instruments

The Entity has adopted the new accounting standard IFRS 9, *Financial Instruments* ("IFRS 9"), effective October 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and liabilities. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39").

IFRS 9, *Financial Instruments*

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

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

Financial assets

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

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

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

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

Impairment of financial assets at amortized cost: The Entity assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Entity compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

RIVERSIDE RESOURCES INC. CARVE-OUT

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Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

(g) Financial instruments (continued)

The following table shows the classification of the Entity's financial assets and liabilities under IFRS 9 and IAS 39:

Financial asset or liability	IFRS 9 Classification	IAS 39 Classification
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities

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

Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Entity's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Amortized cost - This category comprises liabilities initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

The Entity's accounts payable and accrued liabilities are classified as amortized cost.

(h) Contributions

Contributions from Riverside to the Entity are presented as part of equity. The Entity has no share capital, options or warrants, and as a result, there is no applicable share-related disclosures.

(i) Management fees

Management fees are earned on exploration alliance arrangements where the Entity is the operator of the underlying exploration program. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

New Accounting Policies Adopted

The following accounting standards were adopted by the Entity effective October 1, 2018:

IFRS 9, *Financial Instruments* (new; replaces IAS 39) - see Note 5(g)

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

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

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

5. Significant accounting policies (continued)

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

New Accounting Pronouncements Not Yet Adopted

IFRS 16- Leases (new; replaces IAS 17)

On October 1, 2019, the Entity will adopt IFRS 16, which supersedes IAS 17- Leases ("IAS 17"). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Entity expects to use the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. IFRS 16 requires lessees to recognize a right of use of asset and a lease obligation at the lease commencement date. The Entity has assessed its monthly office rent payments and concluded that it does not meet the definition of a lease in the context of IFRS 16. As such, the adoption of the standard is not expected to have an impact on the Entity's carve-out financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments:

On October 1, 2019, the Entity will adopt IFRIC 23, which is a new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of this standard is not expected to have a significant impact on the Entity's carve-out financial statements.

6. Exploration and evaluation assets

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 Entity has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interest in which the Entity has committed to earn an interest is located in Mexico.

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

Peñoles, Durango, Mexico

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

During the year ended September 30, 2019, the Entity received \$141,213 (2018 - \$140,933) in cash as land taxes recovery from the Government in Mexico.

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

RIVERSIDE RESOURCES INC. CARVE-OUT

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Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

6. Exploration and evaluation assets (continued)

For the year ended	September 30, 2019	September 30, 2018
Acquisition costs	28,937	116,048
Exploration costs		
Access	-	55
Assaying	2,306	-
Field & camp costs	12,135	13,187
Geological consulting	226,359	225,138
Transport & support	48,250	46,266
Total current exploration costs	289,050	284,646
Professional & other fees		
Professional consulting	6,000	29,710
Legal fees	10,429	10,830
Others	-	1,012
Total current professional & other fees	16,429	41,552
Total costs incurred during the year	334,416	442,246
Balance, Opening	1,274,557	1,015,386
Recoveries	(141,213)	(205,363)
Write off	-	-
Foreign exchange movements	(107,177)	22,288
Balance, End of the year	1,360,583	1,274,557

Cumulative costs:	As at September 30, 2019	As at September 30, 2018
Acquisition	\$ 3,980,639	\$ 3,951,702
Exploration	1,926,182	1,637,132
Professional & other fees	700,846	684,417
Recoveries	(4,665,613)	(4,524,400)
Foreign exchange movements	(581,471)	(474,294)
Total	\$ 1,360,583	\$ 1,274,557

RIVERSIDE RESOURCES INC. CARVE-OUT

(An Exploration Stage Enterprise)

Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

7. Contributions from Riverside

Riverside's investment in the operations of Carve-out is presented as contributions from Riverside in the carveout financial statements. Deficit/Capital contributions represent the accumulated net losses of the carve-out operation, the accumulated net contributions from Riverside

Net financing transactions with Riverside as presented in the carve-out statements of cash flows represents the net contributions related to the funding of operations between Carve-out and Riverside.

8. Capital management

As a separate resource exploration activity, the Entity does not have share capital and its equity is a carve-out amount from Riverside's equity. Riverside has no debt and does not expect to enter into debt financing.

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

There were no changes in the Entity's approach to capital management during the year ended September 30, 2019. The Entity is not currently subject to externally imposed capital requirements.

9. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Entity as a whole. The Entity has determined that key management personnel consist of executive and non-executive members of the Entity's Board of Directors and corporate officers.

During the years ended September 30, 2019 and 2018, there were no related party transactions.

10. 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 Entity's accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position.

RIVERSIDE RESOURCES INC. CARVE-OUT

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Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

10. Financial instruments (continued)

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

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Entity manages liquidity risk through the management of its capital structure.

Price risk

The Entity is exposed to price risk with respect to commodity prices. 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 Entity 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 Entity.

Foreign currency risk

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

Sensitivity analysis

The Entity operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso.

11. Segmented information

The Entity operates in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico.

12. Income taxes

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
Net loss for the year	\$ (177,209)	\$ (161,143)
Expected income tax expense (recovery)	\$ (48,000)	\$ (43,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	(34,000)
Change in unrecognized deductible temporary differences	48,000	77,000
Total income taxes	\$ -	\$ -

RIVERSIDE RESOURCES INC. CARVE-OUT

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Notes to the Carve-Out Financial Statements for the year ended September 30, 2019

(Expressed in Canadian Dollars)

12. Income taxes (continued)

The significant components of deferred tax assets related to Canada that have not been recognized are as follows:

	2019	2018
Deferred tax assets		
Non-capital losses	\$ <u>1,002,000</u>	\$ <u>954,000</u>
	\$ 1,002,000	\$ 954,000

The significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been included on the carve-out statements of financial position are as follows:

	September 30, 2019	Expiry dates	September 30, 2018	Expiry dates
Temporary Differences				
Non-capital losses	\$ 3,711,000	2027-2039	\$ 3,534,000	2027-2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

G-1

SCHEDULE "G"

CAPITAN AUDIT COMMITTEE CHARTER

(see attached)

CAPITAN MINING INC.
(the “Company”)

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company’s business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company. If the Company ceases to be a “venture issuer” as that term is defined in Multilateral Instrument 52-110 entitled “Audit Committees” (“**MI 52-110**”), then all of the members of the audit committee shall be free from any material relationship with the Company within the meaning of MI 52-110.

2.2 Financial Literacy of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. A person is generally considered “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

3. Meetings

The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;

- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.