

RIDGESTONE MINING INC.

Interim Consolidated Financial Statements

Nine Months Ended September 30, 2018

(Expressed in Canadian dollars)

(Unaudited)

The accompanying unaudited interim consolidated financial statements have been prepared by Management of Ridgestone Mining Inc. and have not been reviewed by the Company's auditors.

RIDGESTONE MINING INC.Consolidated statements of financial position
(Expressed in Canadian dollars)

	September 30, 2018 \$	December 31, 2017 \$
	(unaudited)	
ASSETS		
Current assets		
Cash	762,707	1,316,051
Prepaid expenses	104,853	1,688
Taxes and other receivables	16,783	1,227
Total current assets	884,343	1,318,966
Non-current assets		
Exploration and evaluation assets (Note 4)	579,087	332,802
Total assets	1,463,430	1,651,768
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	52,371	16,086
Due to related parties	21,858	–
Total liabilities	74,229	16,086
Shareholders' equity		
Share capital (Note 6)	2,899,334	793,584
Special warrants (Note 7)	–	1,111,320
Deficit	(1,510,133)	(269,222)
Total shareholders' equity	1,389,201	1,635,682
Total liabilities and shareholders' equity	1,463,430	1,651,768

Nature of operations and continuance of business (Note 1)
Subsequent event (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on November 23, 2018:

/s/ "Hsin-Chen Liu"

Hsin-Chen Liu, Director

(The accompanying notes are an integral part of these interim consolidated financial statements)

RIDGESTONE MINING INC.

Consolidated statements of Comprehensive Loss
(Expressed in Canadian dollars)
(unaudited)

	For the three months ended September 30, 2018 \$	For the three months ended September 30, 2017 \$	For the nine months ended September 30, 2018 \$	Period from March 30, 2017 (date of incorporation) to September 30, 2017 \$
Expenses				
Consulting fees	135,762	–	327,990	–
General and administrative	84,066	19,178	184,086	21,363
Mineral exploration costs (Note 4)	455,735	85,992	583,980	126,365
Professional fees	30,212	10,226	153,593	18,541
Total expenses	705,775	115,396	1,249,649	166,269
Net loss before other income	(705,775)	(115,396)	(1,249,649)	(166,269)
Other income				
Interest income	1,579	–	8,738	–
Net loss and comprehensive loss for the period	(704,196)	(115,396)	(1,240,911)	(166,269)
Loss per share, basic and diluted	(0.03)	(0.01)	(0.06)	(0.02)
Weighted average shares outstanding	23,137,000	11,490,000	19,142,000	9,256,000

(The accompanying notes are an integral part of these interim consolidated financial statements)

RIDGESTONE MINING INC.

Consolidated statement of changes in equity
(Expressed in Canadian dollars)
(unaudited)

	Share capital		Special warrants \$	Subscriptions received \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, March 30, 2017 (date of incorporation)	–	–	–	–	–	–
Shares issued for cash	10,000,002	600,000	–	–	–	600,000
Shares issued pursuant to mineral property assignment agreement	4,000,000	200,000	–	–	–	200,000
Special warrants issued	–	–	349,860	–	–	349,860
Subscriptions received	–	–	–	73,920	–	73,920
Net loss for the period	–	–	–	–	(166,269)	(166,269)
Balance, September 30, 2017	14,000,002	800,000	349,860	73,920	(166,269)	983,591
Balance, December 31, 2017	14,000,000	793,584	1,111,320	–	(269,222)	1,635,682
Units issued for cash	5,000,000	900,000	–	–	–	900,000
Shares issued pursuant to mineral property assignment agreement	845,347	194,430	–	–	–	194,430
Cancellation of shares issued pursuant to mineral property assignment agreement	(2,000,000)	(100,000)	–	–	–	(100,000)
Exercise of special warrants into common shares	5,292,000	1,111,320	(1,111,320)	–	–	–
Net loss for the period	–	–	–	–	(1,240,911)	(1,240,911)
Balance, September 30, 2018	23,137,347	2,899,334	–	–	(1,510,133)	1,389,201

(The accompanying notes are an integral part of these interim consolidated financial statements)

RIDGESTONE MINING INC.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

(Unaudited)

	For the nine months ended September 30, 2018 \$	Period from March 30, 2017 (date of incorporation) to September 30, 2017 \$
Operating activities		
Net loss for the period	(1,240,911)	(166,269)
Changes in non-cash operating working capital:		
Prepaid expenses	(103,165)	(2,291)
Taxes and other receivables	(15,556)	–
Accounts payable and accrued liabilities	36,285	9,053
Due to related parties	(33,142)	–
Net cash used in operating activities	(1,356,489)	(159,507)
Investing activities		
Acquisition of exploration and evaluation assets	(96,855)	(113,610)
Net cash used in investing activities	(96,855)	(113,610)
Financing activities		
Proceeds from issuance of units	900,000	–
Proceeds from issuance of common shares	–	600,000
Proceeds from issuance of special warrants	–	349,860
Share subscriptions received	–	73,920
Net cash provided by financing activities	900,000	1,023,780
Change in cash	(553,344)	750,663
Cash, beginning of period	1,316,051	–
Cash, end of period	762,707	750,663
Non-cash investing and financing activities		
Shares issued pursuant to mineral property assignment agreement	194,430	200,000
Cancellation of shares issued pursuant to mineral property assignment agreement	(100,000)	–
Exercise of special warrants into common shares	1,011,320	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these interim consolidated financial statements)

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
(Expressed in Canadian dollars)
(Unaudited)

1. Nature of Operations and Continuance of Business

Ridgestone Mining Ltd., (the “Company”), was incorporated in British Columbia, Canada on March 30, 2017 under the name 1113414 B.C. Ltd. On March 30, 2017, the Company changed its name to Ridgestone Mining Ltd. The Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. On February 16, 2018, the Company’s common shares became listed and commenced trading on the TSX Venture Exchange under the symbol “RMI”. The Company’s registered office is Suite 409, 221 West Esplanade, North Vancouver, British Columbia, V7M 3J3.

2. Basis of Presentation

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by IASB. The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2017.

(b) Basis of presentation

These unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Cerro de Oro Minerales, S.A. de C.V., a company incorporated on September 21, 2018, in Mexico City, Mexico. All inter-company balances and transactions have been eliminated on consolidation.

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

(c) Going concern of operations

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at September 30, 2018, the Company has not generated any revenue and has accumulated losses of \$1,510,133 since inception. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include fair value of share-based payments, recoverability of exploration and evaluation assets, and unrecognized deferred income tax assets. Actual results could differ from those estimates. Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
(Expressed in Canadian dollars)
(Unaudited)

3. Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after January 1, 2019, or later periods.

The following new IFRSs that have not been early adopted in these consolidated financial statements will not have a material effect on the Company's future results and financial position:

- i) IFRS 9, "*Financial Instruments*" (New; to replace IAS 39 and IFRIC 9); and
- ii) IFRS 16, "*Leases*"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Exploration and Evaluation Assets

Mineral property acquisition costs:

	Cimarron Property \$	Rebeico Property \$	Total \$
Balance, December 31, 2017	332,802	–	332,802
Additions	32,045	314,240	346,285
Cancellation of common shares	(100,000)	–	(100,000)
Balance, September 30, 2018	264,847	314,240	579,087

Mineral exploration costs:

	Nine months ended September 30, 2018 \$	Period from March 30, 2017 (date of incorporation) to September 30, 2017 \$
Drilling	156,478	–
General exploration	234,935	50,214
Geological and geophysics	163,573	28,380
Meals and accommodations	28,994	748
Sampling and assays	–	47,023
	583,980	126,365

Cimarron Property

On May 17, 2017, the Company entered into an Assignment Agreement with 1082223 B.C. Ltd. (the "Assignor"), and Nevada Select Royalty Inc. ("Nevada Select"), to acquire the Assignor's interest in an Option Agreement between the Assignor and Nevada Select, in respect of certain mineral claims, known as the Cimarron property, located in NYE County, Nevada. The assignor is a private company controlled by an individual who became a member of the Board of Directors of the Company subsequent to the signing of the Assignment Agreement. In consideration for the assignment, the Company agreed to issue 4,000,000 post-forward-split shares of common stock (issued with a fair value of \$200,000) and pay cash consideration of \$100,000, of which, \$25,000 is due upon execution of the Assignment Agreement (paid) and \$75,000 is due by July 15, 2017 (paid). On February 9, 2018, the Company cancelled 2,000,000 post-forward-split shares of common stock in relation to the above share issuance (Note 6).

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
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4. Exploration and Evaluation Assets (continued)

Upon closing of the Assignment Agreement, the Company assumed all of the Assignor's rights and obligations under the Option Agreement dated May 16, 2017 ("Effective Date"). Under the Option Agreement, the Company is required to make the following payments to Nevada Select during the option period as follows:

- i) US\$10,000 cash within three business days from the Effective Date (paid \$13,610);
- ii) US\$15,000 cash on the six-month anniversary of the Effective Date (paid \$19,192);
- iii) US\$25,000 cash on the first-year anniversary of the Effective Date (paid \$32,045);
- iv) US\$25,000 cash on the second-year anniversary of the Effective Date;
- v) US\$25,000 cash on the third-year anniversary of the Effective Date; and
- vi) US\$150,000 cash on the fourth-year anniversary of the Effective Date.

Once the above payments have been made, the Company can exercise the option and acquire 100% of the right, title and interest in and to the Cimarron property. Upon execution of the option, Nevada Select will be granted a 2.5% net smelter royalty in respect of all products produced from the property.

Rebeico Property

On March 8, 2018, the Company entered into an Assignment Agreement with 1082223 B.C. Ltd. (the "Assignor"), a private company controlled by a member of the Board of Directors of the Company, and YQ Gold Mexico, S. de R.L. de C.V. ("YQ Gold"), to acquire the Assignor's interest in an Option Agreement between the Assignor and YQ Gold, in respect of certain mineral claims, known as the Rebeico property, located in Sonora, Mexico. In consideration for the assignment, the Company agreed to pay cash consideration of \$55,000 (paid).

Upon closing of the Assignment Agreement, the Company assumed all of the Assignor's rights and obligations under the Option Agreement dated December 21, 2017 ("Effective Date"), as amended April 6, 2018. On April 6, 2018, the Company entered into an Amendment Agreement with YQ Gold with respect to the Option Agreement assigned on March 8, 2018 on the Rebeico Property. Under the Amendment Agreement, the Company's required payment of US\$500,000 to YQ Gold shall be made as follows:

- i) US\$50,000 cash (paid) and an additional US\$150,000 which, at the sole option of the Company, may be satisfied in either cash or through the issuance of common shares of the Company having an equivalent fair market value within three business days from receipt of TSX Venture Exchange approval (issued);
- ii) US\$100,000 cash and an additional US\$200,000 which, at the sole option of the Company, may be satisfied in either cash or through the issuance of common shares of the Company having an equivalent fair market value on or before the six-month anniversary of receipt of TSX Venture Exchange approval;

The Company must also incur exploration expenditures of US\$1,000,000 within two years from Exchange Approval.

Once the above payments have been made, the Company can exercise the option and acquire 100% of the right, title and interest in and to the Rebeico property. Upon execution of the option, YQ Gold will be granted a 2% net smelter royalty (subject to an optional repurchase of 1% of the NSR by the Company for US\$1,000,000) in respect of all products produced from the property. In addition, the Company is also required to pay 50% of the profit derived from commercial production from the Property, to a maximum of US\$1,450,000, to YQ Gold.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
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5. Related Party Transactions

- (a) During the nine months ended September 30, 2018, the Company incurred \$34,000 (2017 - \$nil) in consulting fees to the President of the Company. As at September 30, 2018, the Company owed \$10,173 (December 31, 2017 - \$nil) to the President of the Company. The balance is unsecured, non-interest bearing and due on demand
- (b) During the nine months ended September 30, 2018, the Company incurred \$34,000 (2017 - \$nil) in consulting fees to the Chief Financial Officer ("CFO") of the Company. As at September 30, 2018, the Company owed \$11,685 (December 31, 2017 - \$nil) to the CFO of the Company. The balance is unsecured, non-interest bearing and due on demand
- (c) During the nine months ended September 30, 2018, the Company incurred \$5,000 (2017 - \$nil) of geological and geophysics expenses to a private company controlled by a Director of the Company.
- (d) During the nine months ended September 30, 2018, the Company incurred \$69,639 (US\$53,572) (2017 - \$nil) of advisory fees to a private company controlled by a Director of the Company. As at September 30, 2018, the Company recognized prepaid advisory fees of \$27,682 (US\$21,429) (December 31, 2017 - \$nil) to the private company controlled by a Director of the Company.
- (e) During the nine months ended September 30, 2018, the Company incurred \$10,000 (2017 - \$nil) of consulting fees to a Director of the Company.

6. Share Capital

Authorized: Unlimited common shares without par value

On February 6, 2018, the Company cancelled 2,000,000 of the 4,000,000 common shares that were issued to 1082223 B.C. Ltd. in relation to the Option Agreement with Nevada Select (Note 4).

On February 13, 2018, the Company issued 5,292,000 common shares pursuant to the exercise of 5,292,000 Special Warrants (Note 7).

On April 26, 2018, the Company's board of directors approved an amendment to the Articles of Incorporation to effectuate a two for one forward share split of the outstanding common shares of the Company, subject to approval of the TSX Venture Exchange ("Exchange"). On May 7, 2018, the forward share split was approved by the Exchange and the record date of the forward split was May 14, 2018. All share and per share data in these consolidated financial statements and footnotes have been retrospectively adjusted to account for this forward share split.

On June 8, 2018, the Company completed a private placement of 5,000,000 units at \$0.18 per unit for gross proceeds of \$900,000. Each unit consists of one common share and one share purchase warrant, in which each warrant is exercisable at \$0.25 per share until June 8, 2021.

On June 11, 2018, the Company issued 847,347 common shares at a fair value of \$0.23 per share pursuant to the Option Agreement, as amended, on the Rebeico property (Note 4).

Escrow shares

At September 30, 2018, the Company has 7,875,000 common shares held in escrow, which will be released in stages every six months over the next 36 months. During the nine months ended September 30, 2018, a total of 2,625,000 shares were released from escrow.

Stock options

The Company's Board of Directors approved a stock incentive plan dated November 15, 2017. The Board of directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price will not be less than the discounted market price defined in the policies of the Toronto Stock Venture Exchange ("TSX-V"). The options that may be granted under this plan must be exercisable for over a period of not exceeding ten years. Provided the Company is listed on the TSX-V, the option holders can elect to exercise options on a cashless basis. There were no options outstanding as at September 30, 2018 and December 31, 2017.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
(Expressed in Canadian dollars)
(Unaudited)

7. Special Warrants

During the period from March 30, 2017 (incorporation) to December 31, 2017, the Company issued 5,292,000 Special Warrants at a price of \$0.21 per Special Warrant. Each warrant entitles the holder to acquire, for no additional consideration, one common share (a "Special Warrant Share"). The Special Warrants are exercisable by the holders thereof at any time after the closing date of the final prospectus (the "Offering") for no additional consideration and all unexercised Special Warrants will be deemed to be exercised on the first business day after the date on which a receipt for a final prospectus of the Company qualifying the distribution of the Special Warrant Shares issuable on exercise of the Special Warrants has been issued by the securities regulatory authority in British Columbia at which time each Special Warrant shall be automatically exercised for one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without any further action on the part of the holder. All subscription funds received will be held in trust pending the closing of the Offering.

On February 9, 2018, the Company obtained receipt (the "Receipt") for its Offering filed with the British Columbia Securities Commission. As a result of obtaining Receipt, all unexercised Special Warrants were deemed to be exercised on February 13, 2018 and an aggregate of 5,292,000 common shares were issued by the Company (Note 6). The holders of common shares are entitled to one vote at meetings of shareholders for each share held and all common shares rank equally with respect to the payment of dividends and on any distribution of the assets of the Company on dissolution or winding up.

8. Warrants

The following table summarizes information about the warrants at September 30, 2018, and the changes for the period then ended:

	September 30, 2018	
	Number of warrants	Weighted average exercise price \$
Warrants outstanding – Beginning of period	–	–
Issued	5,000,000	0.25
Exercised	–	–
Warrants outstanding – End of period	5,000,000	0.25

The Company's warrants are exercisable only for common shares. The following table summarizes information about warrants outstanding and exercisable at September 30, 2018:

Exercise Price \$	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.25	June 8, 2021	5,000,000	2.69

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
(Expressed in Canadian dollars)
(Unaudited)

9. Financial Instruments

(a) Categories of Financial Instruments and Fair Value Measurements

The Company classifies cash as fair value through profit and loss and accounts payable as other liabilities.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at September 30, 2018 and December 31, 2017, as follows:

	Fair Value Measurements Using			Balance, September 30, 2018 \$	Balance, December 31, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$		
Cash	762,707	–	–	762,707	1,316,051

The fair values of other financial instruments, which consists of cash, accounts payable and due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management monitors the amount of credit extended to the parties for expense recoveries. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in the currencies that differ from the respective functional currency. The Company operates in Canada, United States and Mexico. Future exploration programs and option payments may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

(Expressed in Canadian dollars)

(Unaudited)

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged during the period ended September 30, 2018.

11. Commitment

On December 7, 2017, the Company entered into a lease agreement for use of an office space for the Company. The Company agreed to pay a total of \$1,300 per month. The agreement is for a 1 year term commencing on January 1, 2018.

12. Subsequent Event

On November 8, 2018, the Company granted 2,300,000 stock options to certain directors, officers and consultants, which are exercisable at \$0.21 per share for a term of 5 years.