

RIDGESTONE MINING INC.

Interim Consolidated Financial Statements

Nine Months Ended September 30, 2019

(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, 2019 \$	December 31, 2018 \$
	(unaudited)	
ASSETS		
Current assets		
Cash	207,087	84,788
Prepays and deposits (Note 3)	49,434	120,439
Taxes recoverable	15,360	14,897
Total current assets	271,881	220,124
Non-current assets		
Deposit on exploration and evaluation assets (Note 3)	713,220	–
Exploration and evaluation assets (Note 3)	1,014,117	913,368
Total assets	1,999,218	1,133,492
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	55,485	38,515
Due to related parties (Note 5)	44,633	28,959
Total liabilities	100,118	67,474
Shareholders' equity		
Share capital (Note 6)	4,873,152	3,166,254
Equity reserve (Note 7)	645,911	480,822
Deficit	(3,619,963)	(2,581,058)
Total shareholders' equity	1,899,100	1,066,018
Total liabilities and shareholders' equity	1,999,218	1,133,492

Nature of operations and continuance of business (Note 1)
Subsequent event (Note 11)

Approved and authorized for issuance on behalf of the Board of Directors on November 26, 2019:

/s/ "Hsin-Chen Liu"

Hsin-Chen Liu, Director

/s/ "Erwin Wong"

Erwin Wong, 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, 2019 \$	For the three months ended September 30, 2018 \$	For the nine months ended September 30, 2019 \$	For the nine months ended September 30, 2018 \$
Expenses				
Consulting fees (Note 5)	92,415	135,762	240,249	327,990
General and administrative	21,106	84,066	84,070	184,086
Mineral exploration costs (Note 3)	205,596	455,735	472,668	583,980
Professional fees	28,977	30,212	95,247	153,593
Share-based compensation	(1,289)	–	131,001	–
Total expenses	346,805	705,775	1,023,235	1,249,649
Net loss before other income	(346,805)	(705,775)	(1,023,235)	(1,249,649)
Other Income or expense				
Financing expense (Note 5)	–	–	(13,000)	–
Interest expense (Note 5)	–	–	(2,670)	–
Interest income	–	1,579	–	8,738
Net loss and comprehensive loss	(346,805)	(704,196)	(1,038,905)	(1,240,911)
Loss per share, basic and diluted	(0.01)	(0.03)	(0.04)	(0.06)
Weighted average shares outstanding, basic and diluted	32,655,000	23,137,000	29,336,000	19,142,000

(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	Equity reserve	Deficit	Total shareholders' equity
	Number of shares	Amount \$				
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
Balance, December 31, 2018	24,125,943	3,166,254	–	480,822	(2,581,058)	1,066,018
Units issued for cash	8,000,000	1,120,000	–	–	–	1,120,000
Share issuance costs	–	(86,102)	–	34,088	–	(52,014)
Shares issued pursuant to loan agreement	72,222	13,000	–	–	–	13,000
Shares issued pursuant to mineral property purchase agreement	3,000,000	660,000	–	–	–	660,000
Rounding	(4)	–	–	–	–	–
Share-based compensation	–	–	–	131,001	–	131,001
Net loss for the period	–	–	–	–	(1,038,905)	(1,038,905)
Balance, September 30, 2019	35,198,161	4,873,152	–	645,911	(3,619,963)	1,899,100

(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, 2019 \$	For the nine months ended September 30, 2018 \$
Operating activities		
Net loss	(1,038,905)	(1,240,911)
Item not involving cash:		
Financing expense	13,000	–
Share-based compensation	131,001	–
Changes in non-cash operating working capital:		
Prepaid expenses	71,005	(103,165)
Taxes recoverable	(463)	(15,556)
Accounts payable and accrued liabilities	16,970	36,285
Due to related parties	15,674	(33,142)
Net cash used in operating activities	(791,718)	(1,356,489)
Investing activities		
Acquisition of exploration and evaluation assets	(100,749)	(96,855)
Deposit on exploration and evaluation assets	(53,220)	–
Net cash used in investing activities	(153,969)	(96,855)
Financing activities		
Proceeds from related party loan	65,000	–
Repayment of related party loan	(65,000)	–
Proceeds from issuance of units, net of issuance costs	1,067,986	900,000
Net cash provided by financing activities	1,067,986	900,000
Change in cash	122,299	(553,344)
Cash, beginning of period	84,788	1,316,051
Cash, end of period	207,087	762,707
Non-cash investing and financing activities:		
Cancellation of shares issued pursuant to mineral property assignment agreement	–	(100,000)
Exercise of special warrants into common shares	–	1,011,320
Shares issued pursuant to loan agreement	13,000	–
Shares issued pursuant to mineral property assignment agreement	–	194,430
Shares issued pursuant to mineral property purchase agreement	660,000	–
Supplemental disclosures:		
Interest paid	1,944	–
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

September 30, 2019

(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 ("Exchange") under the symbol "RMI". The Company's registered and records office is Suite 409, 221 West Esplanade, North Vancouver, British Columbia, V7M 3J3.

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, 2019, the Company has not generated any revenue and has accumulated losses of \$3,619,963 since inception. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. 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. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These interim 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.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

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, 2018, 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, 2018.

These 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. All inter-company balances and transactions have been eliminated on consolidation.

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

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2019

(Expressed in Canadian dollars)

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2. Summary of Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments

The preparation of these interim 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.

(c) Recently Adopted Accounting Standards

The following new IFRS was adopted effective January 1, 2019, and did not have a material effect on the Company's interim consolidated financial statements:

i) IFRS 16, "Leases"

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.

3. Exploration and Evaluation Assets

Mineral property acquisition costs:

	Cimarron Property \$	Rebeico Property \$	Total \$
Balance, December 31, 2017	332,802	–	332,802
Additions	32,045	648,521	680,566
Cancellation of common shares	(100,000)	–	(100,000)
Balance, December 31, 2018	264,847	648,521	913,368
Additions	33,456	67,293	100,749
Balance, September 30, 2019	298,303	715,814	1,014,117

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

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(Expressed in Canadian dollars)

(Unaudited)

3. Exploration and Evaluation Assets (continued)

Mineral exploration costs:

	Nine months ended September 30, 2019 \$	Nine months ended September 30, 2018 \$
<u>Cimarron Property, Nevada, USA</u>		
Geological and geophysics	3,757	1,288
	<u>3,757</u>	<u>1,288</u>
<u>Rebeico Property, Sonora, Mexico</u>		
Drilling	–	156,478
General exploration	309,327	234,935
Geological and geophysics	152,014	163,573
Meals and accommodations	2,156	28,994
Sampling and assays	5,414	–
	<u>468,911</u>	<u>583,980</u>
	<u>472,668</u>	<u>583,980</u>

As at September 30, 2019, deposits of \$32,731 (December 31, 2018 - \$74,312) related to mineral property exploration costs were included in prepaids and deposits.

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.

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 (paid \$33,456);
- 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.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

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(Expressed in Canadian dollars)

(Unaudited)

3. Exploration and Evaluation Assets (continued)

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, and December 14, 2018. On April 6, 2018, and December 14, 2018, the Company entered into an Amendment Agreement and Second Amending Agreement, respectively, with YQ Gold with respect to the Option Agreement assigned on March 8, 2018, on the Rebeico Property. Under the Amendment Agreement and Second Amending Agreement, the Company's required payment of US\$500,000 to YQ Gold shall be made as follows:

- i) US\$50,000 (\$64,810) 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 Exchange approval (paid by issuance of 845,347 common shares with a fair value of \$194,430);
- ii) US\$100,000 cash, of which US\$50,000 (\$67,361) shall be paid on or before December 21, 2018 (paid) and US\$50,000 (\$67,293) shall be paid upon the earlier of (i) the closing of the first debt and/or equity financing or (ii) January 31, 2019 (paid), 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 Exchange approval (paid by issuance of 988,592 common shares with a fair value of \$266,920).

The Company must also incur exploration expenditures of US\$1,000,000 within two years from Exchange approval and pay 50% of the profit derived from commercial production from the Property, to a maximum of US\$1,450,000, to YQ Gold. 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 principals 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.

Alaska Property

On June 25, 2019, the Company entered into a Mineral Property Purchase Agreement (the "Agreement") to purchase a 100% interest in 10 mining concessions adjacent to its Rebeico Property. In consideration for the mining concessions, the Company agreed to pay US\$83,000 and issue 5,000,000 common shares of the Company (the "Purchase Price"). The closing date of the Agreement is the date which is the first day on which the Purchase Price has been paid in full. At September 30, 2019, the Company has paid \$53,220 (US\$40,000) and issued 3,000,000 common shares with a fair value of \$660,000, which has been recognized as a deposit on exploration and evaluation assets.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

4. Accounts Payable and Accrued Liabilities

	September 30, 2019	December 31, 2018
	\$	\$
Accounts payable	43,124	28,865
Accrued liabilities	12,361	9,650
	55,485	38,515

5. Related Party Transactions

The remuneration of directors and other members of key management for the nine months ended September 30, 2019, and 2018, are as follows:

	September 30, 2019	September 30, 2018
	\$	\$
Consulting fees	107,500	147,639
Mineral exploration costs	–	5,000
	107,500	152,639

- During the nine months ended September 30, 2019, the Company incurred \$45,000 (2018 - \$34,000) in consulting fees to the former President of the Company. As at September 30, 2019, the Company owed \$44,611 (December 31, 2018 - \$9,611) to the former President of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2019, the Company incurred \$45,000 (2018 - \$34,000) in consulting fees to the Chief Financial Officer ("CFO") of the Company. On February 28, 2019, the Company entered a loan agreement with the CFO of the Company for \$65,000, which is unsecured, bears interest at 12% per annum and is due on February 28, 2021. In connection with the loan agreement, the Company issued 72,222 common shares with a fair value of \$13,000 to the CFO of the Company in consideration for providing the loan. During the nine months ended September 30, 2019, the Company repaid the loan of \$65,000 and paid interest of \$1,944 to the CFO of the Company. As at September 30, 2019, the Company owed \$22 (December 31, 2018 - \$9,348) to the CFO of the Company for accrued consulting fees and expenses paid on behalf of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2019, the Company incurred \$17,500 (2018 - \$nil) of consulting fees to a private company controlled by a director of the Company.
- During the nine months ended September 30, 2019, the Company incurred \$nil (2018 - \$5,000) of geological and geophysics expenses to a private company controlled by a director of the Company. As at September 30, 2019, the Company owed \$nil (December 31, 2018 - \$10,000) to the private company controlled by a director of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2019, the Company incurred \$nil (2018 - \$69,639 (US\$53,572)) of consulting fees to a private company controlled by a director of the Company.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

6. Share Capital

Authorized: Unlimited common shares without par value

- (a) On April 12, 2019, the Company completed a private placement of 8,000,000 units at \$0.14 per unit for gross proceeds of \$1,120,000. Each unit consisted of one common share and one-half of one common share purchase warrant, in which each warrant is exercisable at \$0.25 per share until October 13, 2021. No value was attributed to the warrants using the residual method. In connection with the private placement, the Company paid finder's fees of \$43,260, incurred legal fees of \$8,754 and issued 309,000 finder's warrants with a fair value of \$34,088. Each finder's warrant is exercisable at \$0.25 per share until October 13, 2021.
- (b) On April 12, 2019, the Company issued 72,222 bonus common shares ("Bonus Shares") with a fair value of \$13,000 to the CFO of the Company in connection with a loan agreement (Note 5(b)).
- (c) On September 17, 2019, the Company issued 3,000,000 common shares with a fair value of \$660,000 pursuant to a Mineral Property Purchase Agreement for the Alaska Property (Note 3).

Escrow shares

At September 30, 2019, the Company has 4,725,000 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, 2019, a total of 3,150,000 shares were released from escrow.

7. 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 commons shares of the Company. The exercise price will not be less than the discounted market price defined in the policies of the Exchange. 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 Exchange, the option holders can elect to exercise options on a cashless basis.

The following table summarizes information about the options at September 30, 2019, and the changes for the period then ended:

	Number of options	Weighted average exercise price \$
Options outstanding – December 31, 2018	2,300,000	0.21
Granted	900,000	0.15
Cancelled	(100,000)	0.16
Options outstanding – September 30, 2019	3,100,000	0.17
Options exercisable – September 30, 2019	3,100,000	0.17

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

7. Stock Options (continued)

The following table summarizes information about stock options outstanding and exercisable at September 30, 2019:

Exercise price \$	Options outstanding	Options exercisable	Weighted average remaining contracted life (years)
0.15*	1,950,000	1,950,000	4.31
0.21	1,150,000	1,150,000	4.11

*Effective June 6, 2019, the Company amended the exercise price of 1,150,000 stock options from \$0.21 per share to \$0.15 per share. The amendment resulted in an increase in fair value of the stock options of \$14,374, which has been recognized as share-based compensation.

Share-based compensation expense is determined using the Black-Scholes Option Pricing Model. During the nine months ended September 30, 2019, the Company recognized share-based compensation expense of \$131,001 (2018 – \$nil) in equity reserves. The weighted average fair value of each option granted during the year ended December 31, 2018, was \$0.14 per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2018
Risk-free interest rate	1.40%
Dividend yield	0%
Expected Volatility	85.46%
Expected life (years)	4.58
Forfeiture rate	0%

Equity reserve

The equity reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Warrants

The following table summarizes information about the warrants at September 30, 2019, and the changes for the period then ended:

	Number of warrants	Weighted average exercise price \$
Warrants outstanding – December 31, 2018	5,000,000	0.25
Issued	4,309,000	0.25
Warrants outstanding – September 30, 2019	9,309,000	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, 2019:

Exercise Price \$	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.25	June 8, 2021	5,000,000	1.69
0.25	October 13, 2021	4,309,000	2.04

RIDGESTONE MINING INC.

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(Expressed in Canadian dollars)

(Unaudited)

9. Financial Instruments

(a) Categories of Financial Instruments and Fair Value Measurements

The Company classifies cash as FVTPL, and accounts payable and due to related parties 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, 2019, and December 31, 2018, as follows:

	Fair Value Measurements Using			Balance, September 30, 2019 \$	Balance, December 31, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$		
Cash	207,087	–	–	207,087	84,788

The fair values of other financial instruments, which consists of 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. Liquidity risk is assessed as high.

(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

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(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, 2019.