RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2016

(Unaudited)

Index

Notice of non-review of condensed interim consolidated financial statements

The attached condensed interim consolidated financial statements for the three month period ended December 31, 2016 have not been reviewed by the Company's auditors.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)
Condensed Interim Consolidated Statements of Financial Position as at
(Unaudited - Expressed in Canadian Dollars)

	Note	December 31, 2016	September 30, 2016
Assets			
Current assets:			
Cash and cash equivalents		$ 3,688,319	$ 3,690,714
Short-term investments	3	955,770	1,370,484
Receivables	4	297,360	245,409
Prepaid expenses	5	48,140	54,853
		4,989,589	5,361,460
Deposits		25,525	25,525
Equipment	6	96,333	71,109
Exploration and evaluation assets	7	2,333,307	2,494,722
		$ 7,444,754	$ 7,952,816
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	8	$ 887,166	$ 1,046,343
Shareholders' equity:			
Capital stock	9	20,980,091	20,980,091
Reserves	9	2,786,253	2,780,005
Deficit		(15,943,304)	(15,770,270)
Accumulated other comprehensive loss		(1,265,452)	(1,083,353)
		6,557,588	6,906,473
		$ 7,444,754	$ 7,952,816

Nature and continuance of operations and basis of presentation (Note 1)
Subsequent events (Note 15)

On behalf of the Board on February 28, 2017:

"Walter Henry" Director — Walter Henry

"Carol Ellis" Director — Carol Ellis

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss for Three Months Ended December 31,
(Unaudited - Expressed in Canadian Dollars)

	Note		2016		2015
Expenses					
Consulting fees	7	$	(5,967)	$	85,626
Depreciation	6		5,772		7,003
Director fees			15,000		12,000
Filing fees			1,267		385
Foreign exchange loss (gain)			5,840		(42,366)
Investor relations			49,853		40,549
Office expenses			11,274		23,977
Payroll and benefits			747		105
Professional fees			19,143		10,212
Property investigation and evaluation			45,681		17,265
Rent			38,192		47,826
Share-based payments	9		6,248		8,036
Travel and meals			4,140		8,171
Finance income			(1,041)		(10,287)
Other income			(37,829)		-
Unrealized loss on short-term investments			14,714		432,617
Results from operations			(173,034)		(641,119)
Recovery on exploration & evaluation assets			-		655,702
Write-down of short-term investments			-		(400,000)
			-		255,702
Net loss for the period			(173,034)		(385,417)
Foreign exchange movements			(182,099)		74,438
Comprehensive loss for the period			(355,133)		(310,979)
Loss per share – basic and diluted		$	(0.00)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted			37,409,778		37,159,604

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)
Condensed Interim Consolidated Statements of Cash Flows for Three Months Ended December 31,
(Unaudited - Expressed in Canadian Dollars)

	Note	2016	2015
OPERATING ACTIVITIES			
Net loss for the period		$ (173,034)	$ (385,417)
Items not involving cash			
Depreciation	6	5,772	7,003
Performance bonus shares		-	48,000
Share-based payments	9	6,248	8,036
Unrealized loss on short-term investments		14,714	432,617
Write-down of short-term investments		-	400,000
Change in non-cash working capital items:			
Prepaid expenses		6,713	(290,799)
Taxes receivable		(51,951)	(73,479)
Accounts payable and accrued liabilities		(23,499)	262,752
		(215,037)	408,713
INVESTING ACTIVITIES			
Exploration bonds		-	13,000
Deposits		-	11,480
Exploration and evaluation assets		(256,884)	(263,360)
Exploration advances – accounts payable and accrued liabilities		(151,068)	-
Acquisition of equipment		(34,290)	-
Sale of short-term investments		650,000	-
		207,758	(238,880)
Effect of foreign exchange on cash and cash equivalents		4,884	146,858
Increase (decrease) in cash		(2,395)	169,833
Cash and cash equivalents, beginning of the period		3,690,714	3,679,074
Cash and cash equivalents, end of the period		$ 3,688,319	$ 3,995,765

Supplemental disclosures with respect to cash flows (Note 12)

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Note	Capital Stock Shares	Capital Stock Amount	Commitment to issue shares	Reserves	Deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance at September 30, 2015		37,051,778	20,916,978	-	2,712,413	(16,532,828)	(125,734)	6,970,829
Issued for:								
Performance bonus shares	9	320,000	48,000	-	-	-	-	48,000
Share-based payments	9	-	-	-	8,036	-	-	8,036
Loss for the period		-	-	-	-	(385,417)	-	(385,417)
Foreign exchange movements		-	-	-	-	-	74,438	74,438
Balance at December 31, 2015		37,371,778	20,964,978	-	2,720,449	(16,918,245)	(51,296)	6,715,886
Balance at September 30, 2016		37,409,778	20,980,091	-	2,780,005	(15,770,270)	(1,083,353)	6,906,473
Issued for:								
Share-based payments	9	-	-	-	6,248	-	-	6,248
Loss for the period		-	-	-	-	(173,034)	-	(173,034)
Foreign exchange movements		-	-	-	-	-	(182,099)	(182,099)
Balance at December 31, 2016		37,409,778	$ 20,980,091	$ -	$ 2,786,253	$ (15,943,304)	$ (1,265,452)	$ 6,557,588

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

1. Nature and continuance of operations and basis of presentation

Riverside Resources Inc. (the "Company") is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol "RRI" and engaged in the acquisition, exploration and development of exploration and evaluation assets in the Americas including Canada, the United States and Mexico.

The Company's head office address is 1110 – 1111 West Georgia Street, Vancouver, British Columbia, Canada V6E 4M3. The Company's registered and records office address is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7.

The Company's ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company's liabilities and commitments as they become payable, the successful acquisition of an interest in assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Management believes that the Company has sufficient working capital to maintain its operations and activities for the current fiscal year.

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 - *Interim Financial Reporting*. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2016. In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended September 30, 2017.

Basis of presentation

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

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies

Principles of consolidation

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

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
Riverside Resources Mexico, S.A. de C.V.	Mexico	100%	Mineral exploration
RRM Exploracion, S.A.P.I. de C.V.	Mexico	100%	Mineral exploration
RRI Exploration Inc.	United States	100%	Mineral exploration
RRI Holdings Limited	Canada	100%	Holding company
Riverside Resources (BC) Inc.	Canada	100%	Mineral exploration

Accounting standards adopted during the period

Effective October 1, 2015, the following standard was adopted but did not have a material impact on the consolidated financial statements.

- IFRS 10 Investment Entities – Amendment: effective for periods beginning on or after January 1, 2014.
- IFRIC 21 Levies: effective for periods beginning on or after January 1, 2014.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7 Financial Instruments - Disclosures: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.
- IFRS 9 Financial Instruments: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 Revenue from Contracts with Customers: effective for periods beginning on or after January 1, 2018.

(Unaudited - Expressed in Canadian Dollars)

3. Short-term investments

Short-term investments include marketable securities received as a result of property option agreements. Marketable securities comprise common shares in publicly traded and private companies as follows:

	December 31, 2016			September 30, 2016		
	Number of shares	Cost	Fair market value	Number of shares	Cost	Fair market value
Arcus Development Group Inc.	29,000	$ 11,020	$ 2,465	29,000	$ 11,020	$ 2,030
Croesus Gold Corp.[(1)]	3,000,000	300,000	650,000	6,000,000	600,000	1,300,000
Guerrero Exploration Inc.	1,926,000	343,049	-	1,926,000	343,049	-
Morro Bay Resources Ltd.	8,733,001	763,030	43,665	8,733,001	763,030	43,665
Savannah Gold Corp.	275,438	160,667	9,640	275,438	160,667	24,789
Sierra Madre Developments Inc.[(2)]	12,503,218	1,103,791	-	12,503,218	1,103,791	-
Silver Viper Minerals Corp.[(3)]	1,000,000	250,000	250,000	-	-	-
		$ 2,931,557	$ 955,770		$ 2,981,557	$ 1,370,484

[(1)] During the three months ended December 31, 2016, the Company sold 3,000,000 shares of Croesus Gold Corp., a private company, for $650,000, which provided the basis of the fair value measurement of Croesus Gold Corp. shares as at December 31, 2016.

[(2)] The Company holds approximately 23.2% of the issued and outstanding shares of Sierra Madre Developments Inc. ("Sierra Madre"). The presumption that the Company has significant influence by holding 20% or more of the voting power through its common share holdings in Sierra Madre is overcome due to the fact that the Company has no representation on the board of directors, and is not involved in policy-making processes, there is no interchange of managerial personnel, and there is no provision of essential technical information. As a result, the investment is carried on the statement of financial position at fair value with changes in fair value recognized in the profit or loss.

[(3)] As at December 31, 2016, the Company held 1,000,000 shares in Silver Viper Minerals Corp., a private company, valued at $0.25 per share in accordance with the option agreement (Note 7(a)).

4. Receivables

Receivables consist of tax refunds from the Federal Governments of Canada and Mexico. The breakdown is as follows:

	December 31, 2016	September 30, 2016
GST recoverable amounts in Canada	$ 14,599	$ 16,109
IVA recoverable amounts in Mexico	260,827	164,139
Land taxes recovery in Mexico	21,676	64,077
Other receivables	258	1,084
	$ 297,360	$ 245,409

(Unaudited - Expressed in Canadian Dollars)

5. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	December 31, 2016	September 30, 2016
Conferences and courses	$ 19,143	$ 9,659
Expense advances	10,967	22,559
Insurance	13,679	20,878
Rent	1,686	1,757
Retainer	2,666	-
	$ 48,141	$ 54,853

6. Equipment

	Computer hardware	Exploration equipment	Furniture & fixtures	Vehicles	TOTAL
Cost					
Balance at September 30, 2015	$ 84,402	$ 143,496	$ 38,037	$ 107,865	$ 373,800
Foreign exchange movement	(2,234)	(18,533)	(3,735)	(15,557)	(40,059)
Balance at September 30, 2016	$ 82,168	$ 124,963	$ 34,302	$ 92,308	$ 333,741
Additions	-	-	-	34,290	34,290
Disposals	-	-	(462)	-	(462)
Foreign exchange movement	(531)	(4,410)	(889)	(4,892)	(10,722)
Balance at December 31, 2016	**$ 81,637**	**$ 120,553**	**$ 32,951**	**$ 121,706**	**$ 356,847**
Accumulated depreciation					
Balance at September 30, 2015	$ (78,677)	$ (84,725)	$ (22,539)	$ (79,142)	$ (265,083)
Depreciation	(2,534)	(11,091)	(3,236)	(9,670)	(26,531)
Disposals	-	-	462	-	462
Foreign exchange movement	2,067	12,334	2,345	12,236	28,982
Balance at September 30, 2016	$ (79,144)	$ (83,482)	$ (22,968)	$ (76,576)	$ (262,170)
Depreciation	(340)	(2,065)	(541)	(2,826)	(5,772)
Foreign exchange movement	508	3,150	600	3,170	7,428
Balance at September 30, 2014	**$ (78,976)**	**$ (82,397)**	**$ (22,909)**	**$ (76,232)**	**$ (260,514)**
Net book value					
Balance at September 30, 2015	$ 5,725	$ 58,771	$ 15,498	$ 28,723	$ 108,717
Balance at September 30, 2016	$ 3,024	$ 41,481	$ 10,872	$ 15,732	$ 71,109
Balance at December 31, 2016	**$ 2,661**	**$ 38,156**	**$ 10,042**	**$ 45,474**	**$ 96,333**

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and evaluation assets

For the period ended December 31, 2016

	Penoles Mexico	Tajitos Mexico	Clemente Mexico	La Silla Mexico	Glor Mexico	Bacoachi Mexico	Flute Canada	Lennac Canada	Total
Acquisition costs	$ -	$ -	$ 41,197	$ -	$ 34,598	$ -	$ -	$ -	$ 75,795
Exploration costs:									
Access	-	6,930	-	-	-	-	-	-	6,930
Assaying	-	2,911	575	-	-	-	-	-	3,486
Field & camp costs	3,830	10,932	-	-	-	-	-	-	14,762
Geological consulting	38,959	41,213	8,183	1,000	22,150	1,061	-	-	112,566
Transport & support	14,508	26,023	852	1,659	10,246	-	-	-	53,288
Total current exploration costs	57,297	88,009	9,610	2,659	32,396	1,061	-	-	191,032
Professional & other fees:									
Professional consulting	25,501	11,500	11,500	-	12,000	-	-	-	60,501
Legal fees	110	7,881	6,155	-	-	-	-	-	14,146
Others	1,385	875	-	40	-	-	-	-	2,300
Total current professional & other fees	26,996	20,256	17,655	40	12,000	-	-	-	76,947
Total costs incurred during the period	84,293	108,265	68,462	2,699	78,994	1,061	-	-	343,774
Balance, Opening	186,761	1,639,659	499,535	106,188	54,526	5,071	2,825	157	2,494,722
Recoveries	-	-	(321,500)	-	-	-	-	-	(321,500)
Foreign exchange movements	(120,250)	(48,673)	(10,427)	(2,180)	(1,919)	(240)	-	-	(183,689)
Balance, End of the period	$ 150,804	$ 1,699,251	$ 236,070	$ 106,707	$ 131,601	$ 5,892	$ 2,825	$ 157	$ 2,333,307
Cumulative costs:									
Acquisition	$ 3,457,837	$ 764,294	$ 146,276	$ 27,824	$ 52,203	$ 4,048	$ -	$ -	$ 4,452,482
Exploration	1,132,955	960,786	360,667	78,312	63,248	2,213	700	157	2,599,038
Professional & other fees	540,277	212,002	124,088	5,947	18,526	-	2,125	-	902,965
Recoveries	(4,319,037)	-	(344,557)	-	-	-	-	-	(4,663,594)
Foreign exchange movements	(661,228)	(237,831)	(50,404)	(5,376)	(2,376)	(369)	-	-	(957,584)
	$ 150,804	$ 1,699,251	$ 236,070	$ 106,707	$ 131,601	$ 5,892	$ 2,825	$ 157	$ 2,333,307

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and evaluation assets (cont'd…)

For the year ended September 30, 2016

	Penoles Mexico	Sugarloaf Peak USA	Tajitos Mexico	Clemente Mexico	La Silla Mexico	Glor Mexico	Bacoachi Mexico	Flute Canada	Lennac Canada	Total
Acquisition costs	$ 294,885	$ 22,090	$ 13,059	$ 14,444	$ 27,824	$ 17,605	$ 4,048	$ -	$ -	$ 393,955
Exploration costs:										
Assaying	-	-	-	-	4,281	-	-	-	-	4,281
Data acquisition	4,570	-	1,575	-	1,653	-	-	-	-	7,798
Field & camp costs	4,294	-	16,118	442	1,382	999	1,152	-	-	24,387
Geological consulting	122,972	-	160,473	17,581	52,452	26,289	-	-	-	379,767
Transport & support	15,302	-	38,012	4,077	15,885	3,564	-	-	-	76,840
Total current exploration costs	147,138	-	216,178	22,100	75,653	30,852	1,152	-	-	493,073
Professional & other fees:										
Professional consulting	6,473	12,567	4,500	2,000	5,000	6,000	-	-	-	36,540
Legal fees	28,912	-	20,988	179	-	125	-	-	-	50,204
Others	275	-	390	11	907	401	-	-	-	1,984
Total current professional & other fees	35,660	12,567	25,878	2,190	5,907	6,526	-	-	-	88,728
Total costs incurred during the period	477,683	34,657	255,115	38,734	109,384	54,983	5,200	-	-	975,756
Balance, Opening	200,550	382,344	1,562,615	509,749	-	-	-	2,825	157	2,658,240
Recoveries	-	(417,001)	-	(15,000)	-	-	-	-	-	(432,001)
Foreign exchange movements	(491,472)	-	(178,071)	(33,948)	(3,196)	(457)	(129)	-	-	(707,273)
Balance, End of the period	$ 186,761	$ -	$ 1,639,659	$ 499,535	$ 106,188	$ 54,526	$ 5,071	$ 2,825	$ 157	$ 2,494,722
Cumulative costs:										
Acquisition	$ 3,457,837	$ 554,770	$ 764,294	$ 105,079	$ 27,824	$ 17,605	$ 4,048	$ -	$ -	$ 4,931,457
Exploration	1,075,658	1,053,196	872,777	351,057	75,653	30,852	1,152	700	157	3,461,202
Professional & other fees	513,281	200,453	191,746	106,433	5,907	6,526	-	2,125	-	1,026,471
Recoveries	(4,319,037)	(1,808,419)	-	(23,057)	-	-	-	-	-	(6,150,513)
Foreign exchange movements	(540,978)	-	(189,158)	(39,977)	(3,196)	(457)	(129)	-	-	(773,895)
	$ 186,761	$ -	$ 1,639,659	$ 499,535	$ 106,188	$ 54,526	$ 5,071	$ 2,825	$ 157	$ 2,494,722

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and evaluation assets (cont'd…)

The terms and commitments of the Company with respect to its exploration and evaluation assets are subject to change if and when the Company and its partners mutually agree to new terms and conditions. Activities that occurred during the three month period ended December 31, 2016 and subsequent thereto are as follows:

(a) Clemente, Sonora, Mexico

On December 2, 2016, the Company entered into an option agreement with Silver Viper Minerals Corp. ("Silver Viper") whereby Silver Viper could acquire a 100% interest in the Clemente Property by paying $796,500 in cash, issuing 2,000,000 common shares, and incurring exploration expenditures of $4,000,000 over five years as follows:

Due Date	Cash	Common shares	Cumulative exploration expenditures
August 23, 2016 (signing of LOI)	$ 15,000 (received)	-	-
December 2, 2016	$ 25,000 (received)	1,000,000 (received)	-
December 2, 2016	$ 46,500 (received)	-	-
December 2, 2017	$ 50,000	-	$ 350,000
December 2, 2018	$ 75,000	-	$ 850,000
December 2, 2019	$ 100,000	-	$ 1,600,000
December 2, 2020	$ 150,000	250,000	$ 2,600,000
December 2, 2021	$ 335,000	750,000	$ 4,000,000

(b) Thor Project under Antofagasta Exploration Alliance, Sonora, Mexico

Thor is a porphyry copper project, located in Sonora, Mexico. Antofagasta Investment Company Limited agreed to fund up to US $500,000 for a phase I exploration program on the project. Management fees are earned on exploration programs where the Company acts as the operator. During the three months ended December 31, 2016, $45,115 of management fees were earned in relation to the Thor Project and recorded as a reduction in consulting fees.

(c) Cecilia, Sonora, Mexico

Subsequent to quarter end, in January 2017, the Company signed the letter agreements with Gunpoint Exploration Ltd. ("Gunpoint") and Millrock Resources Inc. ("Millrock") to consolidate the former company's three La Cecilia Margarita concessions with the Violeta concession into a unified Cecilia Project. The Company could acquire a 100% interest in the La Cecilia Margarita concessions from Gunpoint with the following terms:

Due Date	Cash	Common Shares
Upon signing of letter agreement	$ 10,000 (paid)(1)	-
Upon signing of Mexican agreement, Effective Date	$ 15,000	100,000
First anniversary of the Effective Date	$ 25,000	200,000
Second anniversary of the Effective Date	$ 75,000	300,000
Third anniversary of the Effective Date	$ 125,000	400,000

(1) Payment was made on February 10, 2017 subsequent to quarter end.

The Company could acquire a 100% interest in the Violeta concession by paying $10,000 and issuing 100,000 common shares to Millrock upon completion of property title transfer, subject to 0.5% NSR.

(Unaudited - Expressed in Canadian Dollars)

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of payables to vendors and exploration advances from alliance partners. The breakdown of accounts payable and accrued liabilities is as follows:

		December 31, 2016		September 30, 2016
Payables to vendors	$	95,985	$	104,094
Exploration advances		791,181		942,249
	$	887,166	$	1,046,343

9. Capital stock and reserves

The authorized capital stock of the Company consists of an unlimited number of common and preferred voting shares without nominal or par value.

Issued and outstanding

There were no shares issued for the three months ended December 31, 2016.

Transactions for the year ended September 30, 2016 were as follows:

(a) The Company issued 320,000 bonus shares at a value of $48,000 to certain executive officers and consultants of the Company as a performance bonus for 2015 in accordance with the Company's shareholder approved bonus share plan.

(b) The Company issued 38,000 common shares on the exercise of stock options for proceeds of $10,260, and allocated $4,853 from reserves to capital stock representing share-based payments recognized on the original vesting of the stock options.

Share purchase and agents warrants

As at December 31, 2016, the Company had no warrants outstanding (September 30, 2016 – nil).

Stock options

Share-based payments relating to options vested during the period ended December 31, 2016 using the Black-Scholes option pricing model was $6,248 (2015 - $8,036), which was recorded as reserves on the statements of financial position and as share-based payment expense in profit or loss. The associated share-based payment expense for the options granted during the period was calculated based on the following weighted average assumptions:

	2016	2015
Forfeiture rate	14 %	2.30 %
Estimated risk-free rate	0.66 %	1.53 %
Expected volatility	72.77 %	53.74 %
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	5.00 years	5.00 years
Fair value per option granted	$ 0.0857	$ 0.13

(Unaudited - Expressed in Canadian Dollars)

9. Capital stock and reserves (cont'd…)

Stock options (cont'd…)

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

	Number of options	Weighted average exercise price
Outstanding options, September 30, 2015	3,142,000	$ 0.453
Forfeited	(403,000)	$ 0.269
Exercised	(38,000)	$ 0.270
Expired	(1,465,000)	$ 0.500
Granted	955,000	$ 0.145
Outstanding options, September 30, 2016	2,191,000	$ 0.324
Granted	1,070,000	$ 0.420
Outstanding options, December 31, 2016	3,261,000	$ 0.356

On December 16, 2016, the Company granted 1,070,000 incentive stock options (the "Options") to certain Directors, Officers and Consultants of the Company. The Options are exercisable at $0.42 per share for a period of five years from the date of grant. Options granted to individuals in their capacity as a Director vest in three equal installments over 18 months and Options granted to Officers and Consultants vest in four equal installments over 12 months.

As at December 31, 2016, the Company has outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
12/14/2017	575,000	0.95	$ 0.650	575,000
11/14/2019	816,000	2.87	$ 0.270	816,000
01/07/2021	800,000	4.02	$ 0.145	475,000
12/16/2021	1,070,000	4.96	$ 0.420	-
	3,261,000	3.50		1,866,000

(Unaudited - Expressed in Canadian Dollars)

10. Related party transactions

The Company entered into the following transactions with related parties:

Payee	Nature of transactions	Period ending December 31	Fees ($)	Shares ($)	Amount payable ($)
Arriva Management Inc.	Management and consulting fees (i)	2016 2015	47,400 42,800	nil 11,250	12/31/2016: 13,740 09/30/2016: nil
GSBC Financial Management Inc.	Management and consulting fees (i)	2016 2015	42,501 42,501	nil 11,250	12/31/2016: nil 09/30/2016: nil
Ronald Burk	Consulting fees (i)	2016 2015	45,000 nil	nil nil	12/31/2016: nil 09/30/2016: 7,604
English Bay Capital	Consulting fees (i)	2016 2015	50,000 25,500	nil nil	12/31/2016: nil 09/30/2016: nil
Michael Doggett	Director fees	2016 2015	3,000 3,000	nil nil	12/31/2016: nil 09/30/2016: nil
Brian Groves	Director fees	2016 2015	3,000 3,000	nil nil	12/31/2016: nil 09/30/2016: nil
James Clare	Director fees	2016 2015	3,000 3,000	nil nil	12/31/2016: nil 09/30/2016: nil
Carol Ellis	Director fees	2016 2015	3,000 nil	nil nil	12/31/2016: nil 09/30/2016: nil
Walter Henry	Director fees	2016 2015	3,000 nil	nil nil	12/31/2016: nil 09/30/2016: nil

At December 31, 2016, the amount payable to a company controlled by an officer of the Company was $nil (September 30, 2016 - $2,013) for expense reimbursements.

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. The remuneration of directors and key management personnel during the three months ended December 31, 2016 and 2015 is as follows:

	2016	2015
Directors fees	$ 15,000	$ 12,000
Management and consulting fees (i)	184,901	113,572
Performance bonus shares	-	28,125
Share-based payments (ii)	5,759	6,775
	$ 205,660	$ 160,472

(i) Management and consulting fees of key management personnel for the period were allocated as follows: $40,000 (2015 - $41,167) expensed to consulting fees, $7,000 (2015 - $nil) expensed to investor relations, $12,000 (2015 - $nil) expensed to property investigation and evaluation, $115,101 (2015 - $11,834) capitalized to exploration and evaluation assets, and $10,800 (2015 - $60,571) capitalized to exploration work performed for alliances that will be reimbursed.

(ii) Share-based payments are the expenses associated with vested options granted to key management personnel.

(Unaudited - Expressed in Canadian Dollars)

11. Segmented information

The Company operates in one business segment, the exploration of exploration and evaluation assets and prospect generation. The Company's exploration activities are centralized whereby management of the Company is responsible for business results and the everyday decision-making. The Company's operations therefore are segmented on a geographic basis.

	December 31, 2016	September 30, 2016
Equipment		
Canada	$ 13,522	$ 14,385
Mexico	82,811	56,724
	96,333	71,109
Exploration and evaluation assets		
Canada	2,982	2,982
Mexico	2,330,325	2,491,740
	2,333,307	2,494,722
Total	$ 2,429,640	$ 2,565,831

12. Supplemental disclosure with respect to cash flows

For the three months ended December 31,	2016	2015
Cash paid during the period for income taxes	$ -	$ -
Cash paid during the period for interest	$ -	$ -

The significant non-cash transactions for the three months ended December 31, 2016 were as follows:

a) The Company received 1,000,000 Silver Viper shares valued at $250,000 as exploration and evaluation asset recoveries (Note 7(a)).

b) Included in accounts payable was $16,855 (September 30, 2016 - $1,465) in exploration and evaluation asset expenditures.

The significant non-cash transactions for the three months ended December 31, 2015 were as follows:

a) The Company issued 320,000 common shares at a value of $48,000 to certain directors and officers in accordance with the Company's bonus share plan. Of which, $11,344 were expensed to consulting fees, and $36,656 were capitalized to exploration and evaluation assets.

b) The Company received 4,000,000 Croesus Gold shares valued at $400,000 as exploration and evaluation asset recoveries (Note 8(b)).

c) Included in accounts payable was $50,022 (September 30, 2015 - $34,349) in exploration and evaluation asset expenditures.

13. Capital management

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

14. 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 and 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 other financial instruments, cash and cash equivalents, and short-term investments under the fair value hierarchy are based on level one 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:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables primarily consist of tax recoverable amounts from the Federal Governments of Canada and Mexico, in which regular collection occurs. The Company believes its credit risk is equal to the carrying value of this balance.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had a cash and cash equivalents of $3,688,319 (September 30, 2016 - $3,690,714) and short-term investments of $955,770 (September 30, 2016 - $1,370,484) to settle current liabilities of $887,166 (September 30, 2016 - $1,046,343). The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2016, the Company had investments in short-term deposit certificates of $1,537,924 (September 30, 2016 - $1,693,633).

14. Financial instruments (cont'd…)

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company currently maintains short-term investments, which include marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, and accounts payable and accrued liabilities that are denominated in US dollars and Mexican pesos.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso. A simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $414,300.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 15% fluctuation in the share price would affect short-term investments and loss for the period by approximately $14,300.

15. Subsequent Events

On January 30, 2017, the Company issued 55,000 bonus shares at a value of $24,475 to certain executive officers and consultants of the Company in accordance with the Company's shareholder approved bonus share plan.

On January 30, 2017, 105,000 options were exercised for gross proceeds of $22,100.

On February 10, 2017, the Company paid $10,000 to Gunpoint in accordance with letter agreement (Note 7(a)).

On February 21, 2017, the Company announced a non-brokered private placement of up to 5,500,000 units at a price of $0.55 per unit to raise aggregate proceeds of up to $3,025,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of $0.85 per share. The term of the warrants is subject to an accelerated exercise provision that triggers a shortened exercise period in the event that the volume-weighted average trading price of the Company is $1.15 or higher for 15 consecutive trading days after the expiry of four months from the issuance of the warrant but prior to the expiry of the first year of the warrant term.

RIVERSIDE RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

INTRODUCTION

The management's discussion and analysis of the financial condition and results of operations ("MD&A") focuses upon the activities, results of operations, liquidity and capital resources of Riverside Resources Inc. (the "Company" or "Riverside") for the three months ended December 31, 2016. In order to better understand the MD&A it should be read in conjunction with the unaudited financial statements and related notes for the three months ended December 31, 2016 and the audited financial statements and related notes for the year ended September 30, 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to March 1, 2017 and in Canadian dollars unless otherwise stated.

Additional information relating to the Company, including its Information Circular for the financial year ended September 30, 2016, is available under the Company's profile on SEDAR at www.sedar.com.

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).

CORPORATE OVERVIEW

The Company is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol "RRI" and is engaged in the acquisition, exploration and development of exploration and evaluation assets in the Americas including Canada, the United States and Mexico where the technical team collectively has more than 100 years of exploration experience and has been part of more than five discoveries that have found mineral resources and gone into production.

The Company combines the experience of mine discoverer John-Mark Staude (President, CEO, Director) with the finance and business management expertise of Rob Scott (CFO), Brian Groves (Director), James Clare (Director), Michael Doggett (Director), Walter Henry (Director) and Carol Ellis (Director). Management has experience in developing significant shareholder value and they have assembled a team that can build a valuable and successful organization.

CAPITAL STOCK

As at December 31, 2016, the Company had $20,980,091 in capital stock and 37,409,778 common shares outstanding.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the three months ended December 31, 2016 included the following:

(a) 1,070,000 options were granted, exercisable at a price of $0.42 per common share for a period of 5 years.

(b) Subsequent to the quarter-end, 105,000 options were exercised for gross proceeds of $22,100.

(c) Subsequent to the quarter-end, 55,000 bonus shares were issued at a value of $24,475 to certain executive officers and consultants of the Company.

Stock option and performance bonus share activity for the year ended September 30, 2016 included the following:

(a) 320,000 bonus shares were issued at a value of $48,000 to certain officers and consultants in accordance with the Company's shareholder approved bonus share plan.

(b) 1,465,000 options expired unexercised, and 403,000 options were forfeited.

(c) 955,000 options were granted, exercisable at a price of $0.145 per common share for a period of 5 years.

(d) 38,000 options were exercised for gross proceeds of $10,260.

Warrants

There was no share purchase warrant activity for the year. As of December 31, 2016, the Company had no warrants outstanding (September 30, 2016 – nil).

OPERATIONS

The Company's exploration team remains active in Mexico and continues to cost effectively build a strong portfolio of gold, silver and copper exploration assets. The Company continues to focus on NW Mexico where it has multiple exploration partners funding programs focused on gold, silver and copper.

Peñoles Project, Durango, Mexico

Please visit the Company's website and SEDAR filings for further information on the resource estimate and all of the previously completed exploration and drill programs at the Peñoles Property.

Tajitos Gold Project, Sonora, Mexico

The Tajitos Gold Project consists of two concessions blocks: Tajitos and El Tejo. The Tajitos Project hosts an extensive and well mineralized gold system in northwestern Mexico. The project was identified using a combination of the Company's Mexico mineral databases, local geologic knowledge, historic production data, and extensive personal networks.

The Company completed a ground magnetic survey which showed favourable indications that the prospective trend of gold-rich Mesozoic volcanosedimentary mineralization extends to the southeast under shallow post-mineralization cover. On October 14, 2015, the Company signed an option agreement with Centerra Exploration B.V. ("Centerra"), and five months later in March of 2016, the Company and Centerra commenced drilling on the property. On May 17, 2016, the Company and Centerra announced results from eight (8) diamond core holes totalling 1,832 metres. Highlighted intercepts from the core drilling included (reported intervals are approximate true width):

- T16-001D, 3.00 metres @ 1.14 g/t gold starting at 297.00 metres depth (hole ended in mineralization);
- T16-002D, 11.10 metres @ 0.78 g/t gold starting at 185.90 metres depth;
- T16-005D, 3.00 metres @ 6.12 g/t gold starting at 48.00 metres depth;
- T16-008D, 1.50 metres @ 6.03 g/t gold starting at 42.00 metres depth;

Mineralization intersected in the Tajitos drilling correlates with fault zones and lithologic contacts and further drilling is required to determine the mineralization extent and tenor. Initial evaluation of trace elements from 6 of the holes and surface sampling show an enrichment in As, and Sb within the gold zone and in the footwall below gold enriched zones. The core drilling at Tajitos provides key structural and stratigraphic information permitting updated fault control modeling and detailed investigation of alteration patterns and paragenesis of the gold mineralization. Please visit the Tajitos Project Page to view a drill hole location map, cross sections and additional photos and figures.

A program of reverse circulation drilling in the Tejo area was designed to determine the depth to bedrock and 1,728 metres were completed in 12 holes. The Tejo drilling determined depth to bedrock ranges from a few metres to over 200 metres deep. The intersected bedrock includes the same stratigraphic units which host gold mineralization at the Tajitos target and similar alteration is observed in both areas.

On June 7, 2016, the Company announced that Centerra had terminated the option after funding more than $500,000 into drilling and exploration. The Company is free to advance the Tajitos Project as it wishes and will continue to follow its prospect generator business approach and explore new partnership opportunities.

Clemente Silver - Gold Project

The Company's Clemente project is an early stage exploration property located in Sonora, Mexico. On August 23, 2016, the Company entered into a Letter of Intent ("LOI") with Silver Viper Minerals Corp. ("Silver Viper") whereby Silver Viper will acquire a 100% interest in the Clemente property. On December 2, 2016, the Company entered into a Definitive Agreement with Silver Viper, whereby Silver Viper will need to pay cash of $796,500 ($86,500 received), issue 2,000,000 common shares to the Company (1,000,000 common shares received), and incur $4,000,000 in aggregate exploration expenditures within five years of signing the Definitive Agreement.

La Silla Gold - Silver Project

On November 17, 2015, the Company announced that it had won the right to stake concessions in the La Silla gold district in Sinaloa, Mexico. On June 29, 2016, the Company announced results from initial rock sampling with assays ranging from less than 0.05 gram per tonne gold up to 7.24 g/t gold and less than 0.05 gram per tonne silver up to 148.4 g/t silver. The Company is exploring partnership potential with other land owners in the district. A brief summary of the project and previous disclosures are available on the Company's website.

Glor Gold Project

The Company's Glor Project is located in Sonora, Mexico, and was initially acquired and funded as part of the Company's past strategic alliance with Hochschild Mining. On May 4, 2016, the Company provided an exploration update on work completed on the Project. Riverside has completed several campaigns of exploration work on the property, including detailed geologic and alteration mapping, rock-chip and channel assays, orientation ground magnetic surveys, reprocessing of regional high-resolution airborne magnetic surveys, and a soil sampling survey over the southwestern portion of the property. Riverside has collected 155 rock-chip samples, with assays ranging from less than 0.005 gram per tonne to 18.85 grams per tonne gold. On July 25, 2016, the Company announced that it had entered into an option agreement with Minera Centerra S.A. de C.V. ("Minera Centerra"). Minera Centerra will have the opportunity to earn a 70-per-cent interest in the project by funding $3.5-million (U.S.) in exploration work over the next four years. Riverside has completed mapping and sampling work on the project, and will continue as the project manager for at least the first two years of the agreement with Minera Centerra.

In August 2016 Minera Centerra approved an initial program of $250,000 (USD) that was to include additional mapping focused on geology definition within previously generated target concepts, 1,000 soil samples and 136 line-km of ground magnetics surveying planned for the target zones. The magnetics data was to be followed up with 20 line-kms of induced polarization (IP) surveying and 1,800 metres of channel sampling (3m long samples) for a total of approximately 600 rock samples.

In November 2016, the Company released results from the initial parts of the program. Geologic mapping and soil sampling defined a gold-in-soil anomaly and a zone of hydrothermally altered rocks that is more than 2km long. The Induced Polarization (IP) survey also returned positive results; a zone of anomalous chargeability that in extent closely matches the soil geochemistry anomaly has been defined by the survey.

The 926 field soil samples were collected at 50 meter intervals along the survey lines. Particularly noteworthy is a linear, NNW-trending multi-element anomaly defined in the northern part of the property by soils containing elevated concentrations of Au, Ag, As, Pb, Zn and Mn. The anomaly is about 2.2 kilometres in length, 150-350 meters wide, and follows the trend in this area of magnetic survey patterns and the strike of deformed and hydrothermally altered Mesozoic sedimentary rocks. Assay values for peak gold-in soil anomalies are in the range of 100-150 ppb Au. Additional, northerly trending Au-in-soil anomalies, 1.0-1.4 km in length, have been outlined in the central and western parts of the property.

The work program funded by Minera Centerra continues on the project and additional results are expected through to June 2017.

A brief summary of the project and previous disclosures are available on the Company's website.

Antofagasta Exploration Alliance, Sonora, Mexico

The Company and Antofagasta Minerals PLC have reached the conclusion of the generative Alliance, but remain partners on the Thor Project located in Sonora, Mexico. Thor is a Laramide aged porphyry copper target that the Company identified during field evaluations, with initial rock chip sampling returning copper values up to 0.9%. On April 13, 2015, the Antofagasta Mexico Alliance designated the Thor porphyry copper project, as a designated project and agreed to finance up to $500,000 (U.S.) for a phase I exploration program on the project. The Company has received title and permits in the summer of 2016.

In May through September 2016 period Company geologists, worked in close collaboration with Antofagasta geologists, to complete initial detailed field mapping, prospecting and rock chip sampling program. Results were promising and resulted in drill targets being defined.

A total of 149 surface rock chip samples we collected from outcropping areas in the southern target area and returned anomalous copper (Cu) values including 0.41%, 1.11% and ranging up to 1.47% Cu. Samples from the southern target area also returned variable elevated gold ranging from less than detection limit up to 0.7 g/t Au. Target analysis from Riverside's regional stream sediment sampling now defines areas for more extensive field review.

In October 2016, a ground magnetic susceptibility survey covering 18 square kilometers of the project was completed by the Company personnel on behalf of the joint venture. The survey data was reviewed, processed and interpreted by Reno-based Ellis Geophysical Consulting Inc. ("EGC"). The interpretation work done by EGC has been combined with geological and geochemical data previously obtained from the Project by the Alliance, resulting in the definition of a number of promising porphyry copper drill targets.

In late October 2016, an initial diamond drilling campaign was designed to test three separate target areas. Subsequent to the quarter end, in early February 2017, the results from the completion of the first four drill holes indicate at least three separate porphyry hydrothermal centre areas over a strike length of > 8 km in total distance. Please refer to Press Release on February 8, 2017 for detailed results on the drilling.

Cecilia Gold Project, Sonora, Mexico

Subsequent to the quarter-end, in January 2017, the Company signed the letter agreements with Gunpoint Exploration Ltd. ("Gunpoint") and Millrock Resources Inc. ("Millrock") to consolidate the former company's three La Cecilia Margarita concessions with the Violeta concession into a unified Cecilia Project. The Cecilia Project, located in northeastern Sonora, Mexico, is targeting epithermal gold-silver mineralization in a rhyolite dome setting with potential for open-pit mining.

The 778.3-hectare Cecilia-Margarita concession covers four gold target zones. Previous work focused on only a portion of the Project within an area of less than one square kilometre where more than thirty underground workings and twenty-three drill-holes have tested predominantly gold-bearing quartz veinlet stockworks and hydrothermal breccias hosted by siliceous volcanic rocks. Previous exploration completed by the predecessor to the Geologic Survey of Mexico and Cambior includes geological mapping, extensive surface and underground rock-chip sampling and two diamond drilling programs, one comprising 19 boreholes drilled in 1995 and an earlier campaign of four drill-holes. Highlights of exploration results reported by the previous operators include:

- 137 of 683 (20%) surface rock-chip samples assaying greater than 0.5 grams gold/tonne (g/t Au), with 72 of the 683 samples (approx.11%) having assays of greater than 1 g/t Au.
- A semi-continuous series of surface chip-channel rock samples across 119.0 metres (m) of altered volcanic rock that average 0.86 g/t Au, including 25 m grading 2.19 g/t Au. This sampling tested the North Breccia gold target.
- A drill-hole intersection of the North Breccia zone that averaged 1.41 g/t Au across 30.0 metres starting at 4.0 m in Cambior hole 138-95-08. A second interpreted intersection of the North Breccia zone averaged 0.39 g/t Au across 20.0 m starting at 48.0 m in hole 138-95-19.
- A 127 m intersection of altered polylithic breccia conglomerate in borehole 88-03, also drilled in the area of the North Breccia target, that produced nineteen samples which were shown to contain 1-2 g/t Au and 12-28 g/t silver (Ag) by rudimentary fire assaying apparently without atomic adsorption being done on the samples.
- An approximately 118 m intersection of altered silicic volcanic rocks in drill-hole 88-04 on the Central Zone target produced seventy-seven core samples which were found to contain 1-2 g/t Au and 12-136 g/t Ag by the same assaying method as was used on the samples from drill-hole 88-03.

The scientific and technical data contained in the property descriptions pertaining to the Company's Mexico portfolio were reviewed by Locke Goldsmith, P. Eng., P. Geo., an independent qualified person to Riverside Resources, who is responsible for ensuring that the geologic information provided in this section of the Management Discussion and Analysis is accurate and acts as a "qualified person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Three-month period ended December 31, 2016

The Company incurred a net loss of $173,034, resulting in a loss per share of $0.00. The loss was attributable to operating expenses of $191,350 before considering the effect of the foreign exchange loss of $5,840, and an unrealized loss on short-term investments of $14,714, which were supplemented by finance income of $1,041 and other income of $37,829.

Three-month period ended December 31, 2015

The Company incurred a net loss of $385,417, resulting in a loss per share of $0.01. The loss was attributable to operating expenses of $261,155 before considering the effect of the foreign exchange gain of $42,366, an unrealized loss on short-term investments of $432,617, recovery on exploration & evaluation assets of $655,702, and a write-down of short-term investments of $400,000, which were supplemented by finance income of $10,287.

Exploration

The Company capitalizes all exploration costs relating to its resource interests whereas pre-exploration costs are expensed as incurred. During the period ended December 31, 2016, the Company recorded $343,774 in acquisition and exploration of its properties as follows:

- Mexico

o Peñoles	$	84,293
o Tajitos	$	108,265
o Clemente	$	68,462
o La Silla	$	2,699
o Glor	$	78,994
o Bacoachi	$	1,061

The Company recovered $321,500 of the acquisition and exploration expenditures through an option agreement with Silver Viper on the Clemente property during the period ended December 31, 2016, which reduced the cumulative exploration costs.

During the period ended December 31, 2015, the Company recorded $125,442 in acquisition and exploration of its properties as follows:

- US
  - Sugarloaf Peak $ 11,479
- Mexico
  - Penoles $ 51,262
  - Tajitos $ 57,677
  - Clemente $ 52
  - La Silla $ 4,972

The Company recovered $800,000 of the acquisition and exploration expenditures through option agreements with partners on various properties during the period ended December 31, 2015 which reduced the cumulative exploration costs.

Full particulars of the deferred exploration costs are shown in Note 7 to the Financial Statements.

Recoveries and Other Income

During the period ended December 31, 2016, the Company received $71,500 in cash and 1,000,000 Silver Viper shares valued at $250,000 with respect to the option agreement on the Clemente property. Finance income and other income for the period ended December 31, 2016 were $1,041 and $37,829 respectively.

During the period ended December 31, 2015, the Company received $400,000 cash and 4,000,000 Croesus Gold Corp. shares valued at $400,000 with respect to the option agreement on the Sugarloaf Peak Property. Of the total $800,000 recovered, $393,823 was offset against the carrying value of the property bringing the balance down to $nil as at December 31, 2015. The remaining $406,177 was recorded as a recovery on the exploration and evaluation asset on the statement of operations and comprehensive loss. In addition, the Company recovered $249,525 from exploration alliances which was recognized in the statement of operations and comprehensive loss. Finance income and other income for the period ended December 31, 2015 were $10,287 and $nil.

Other income consists of revenue from exploration equipment and vehicle rentals to the alliance and work programs.

Expenses

During the three months ended December 31, 2016, the Company being the operator of the exploration programs earned $45,115 and $38,861 of management fees respectively in relation to the Thor Project and Centerra-Glor Project. These fees were recorded as a reduction in consulting fees per the Company's accounting policy, resulting $5,967 recovery in consulting fees for the three months ended December 31, 2016. Compared to the previous year, property investigation and evaluation was higher as the Company sought for property acquisition opportunities in South America.

General and administrative expenses consist of filing fees, directors fees, rent, general office expenses and administrative services related to maintaining the Company's exchange listing and complying with securities regulations. Rent and general office expenses decreased compared to the same period in the prior year as the Company cut costs to conserve capital.

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. Please refer to the MD&A for the year ended September 30, 2016 for more detailed discussion of such risk factors.

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	Finance income (expense)	Property and other income (expense)	Unrealized gain/(loss) on short-term investments	Net income (loss)	Earnings (Loss) per share (basic & fully diluted)
31-Dec-16	1,041	37,829	(14,714)	(173,034)	(0.00)
30-Sep-16	1,162	175	875,906	998,726	0.03
30-Jun-16	3,133	150	147,830	(112,517)	(0.00)
31-Mar-16	5,622	-	290	261,766	0.01
31-Dec-15	10,287	-	(432,617)	(385,417)	(0.01)
30-Sep-15	(3,896)	10,356	(867,698)	(1,396,525)	(0.04)
30-Jun-15	25,010	(20,424)	(4,205)	(671,486)	(0.02)
31-Mar-15	16,079	14,111	283,637	15,494	0.00

The net income for the quarter ended September 30, 2016 was primarily due to an unrealized gain on short-term investments. Other than the ongoing costs of the business, the net loss for the quarter ended September 30, 2015 was mainly due to the write-down of loan receivable and unrealized losses on marketable securities in short-term investments.

LIQUIDITY AND CAPITAL RESOURCES

The Company relies 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. Decrease in cash and cash equivalents for the period ended December 31, 2016 was $2,395. Working capital as at December 31, 2016 was $4,102,423. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

Increase in cash for the period ended December 31, 2015 was $169,833. Working capital as at September 30, 2016 was $4,315,117.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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.

The Company entered into the following transactions with related parties:

Payee	**Nature of transactions**	**Period ending December 31**	**Fees ($)**	**Shares ($)**	**Amount payable ($)**
Arriva Management Inc.	Management and consulting fees (i)	2016 2015	47,400 42,800	nil 11,250	12/31/2016: 13,740 09/30/2016: nil
GSBC Financial Management Inc.	Management and consulting fees (i)	2016 2015	42,501 42,501	nil 11,250	12/31/2016: nil 09/30/2016: nil
Ronald Burk	Consulting fees (i)	2016 2015	45,000 nil	nil nil	12/31/2016: nil 09/30/2016: 7,604

English Bay Capital	Consulting fees (i)	2016 2015	50,000 25,500	nil nil	12/31/2016: nil 09/30/2016: nil
Michael Doggett	Director fees	2016 2015	3,000 3,000	nil nil	12/31/2016: nil 09/30/2016: nil
Brian Groves	Director fees	2016 2015	3,000 3,000	nil nil	12/31/2016: nil 09/30/2016: nil
James Clare	Director fees	2016 2015	3,000 3,000	nil nil	12/31/2016: nil 09/30/2016: nil
Carol Ellis	Director fees	2016 2015	3,000 nil	nil nil	12/31/2016: nil 09/30/2016: nil
Walter Henry	Director fees	2016 2015	3,000 nil	nil nil	12/31/2016: nil 09/30/2016: nil

At December 31, 2016, the amount payable to a company controlled by an officer of the Company was $nil (September 30, 2016 - $2,013) for expense reimbursements.

CONTRACTUAL AND OTHER OBLIGATIONS

The Company entered into an office lease agreement with a third party for the office in Vancouver, Canada for a 5-year term from March 1, 2013 to February 28, 2018. Total remaining office lease commitments are as follows: $177,625 in 2017; and $74,987 in 2018.

PROPOSED TRANSACTIONS

At the present time, there are no proposed transactions that should be disclosed.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 4 to the consolidated financial statements for the year ended September 30, 2016.

New standards adopted during the year

Effective October 1, 2015, the following standard was adopted but did not have a material impact on the consolidated financial statements:

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 37,569,778 common shares were issued and outstanding as of the date of this MD&A.

The Company has no share purchase warrants outstanding as of the date of this MD&A.

The following summarizes information about the stock options outstanding as of the date of this MD&A:

Number of Options	Option Exercise Price	Expiry Date
575,000	$0.650	14-Dec-2017
761,000	$0.270	14-Nov-2019
750,000	$0.145	07-Jan-2021
1,070,000	$0.420	16-Dec-2021
3,156,000		