RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

Consolidated Financial Statements

September 30, 2017 and 2016

Index

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Riverside Resources Inc.

We have audited the accompanying consolidated financial statements of Riverside Resources Inc., which comprise the consolidated statements of financial position as at September 30, 2017 and 2016 and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Riverside Resources Inc. as at September 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada　　Chartered Professional Accountants

January 25, 2018

RIVERSIDE RESOURCES INC.
(An Exploration Stage Enterprise)
Consolidated Statements of Financial Position as at September 30,
(Expressed in Canadian Dollars)

	Note	2017	2016
Assets			
Current assets:			
Cash and cash equivalents	15	$ 3,918,999	$ 3,690,714
Short-term investments	5	1,105,292	1,370,484
Receivables	6	457,511	245,409
Prepaid expenses	7	72,770	54,853
		5,554,572	5,361,460
Deposit		25,525	25,525
Equipment	8	86,104	71,109
Exploration and evaluation assets	9	4,403,658	2,494,722
		$ 10,069,859	$ 7,952,816
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	$ 181,576	$ 1,046,343
Shareholders' equity:			
Capital stock	11	24,472,028	20,980,091
Reserves	11	3,046,457	2,780,005
Deficit		(16,454,461)	(15,770,270)
Accumulated other comprehensive loss		(1,175,741)	(1,083,353)
		9,888,283	6,906,473
		$ 10,069,859	$ 7,952,816

Nature and continuance of operations (Note 1)
Commitment and contingency (Note 18)
Subsequent events (Note 19)

On behalf of the Board on January 24, 2018

"Walter Henry" Director — *"Carol Ellis"* Director
Water Henry — Carol Ellis

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

RIVERSIDE RESOURCES INC.
(An Exploration Stage Enterprise)
Consolidated Statements of Operations and Comprehensive Loss for the years ended September 30,
(Expressed in Canadian Dollars)

	Note	2017	2016
Expenses			
Consulting fees	13	$ 217,581	$ 238,799
Depreciation	8	24,316	26,531
Directors' fees	13	53,000	48,750
Foreign exchange loss		208,176	86,597
General and administration		118,029	125,686
Investor relations	13	209,650	178,863
Professional fees		132,202	115,108
Property investigation and evaluation	13	153,782	50,228
Rent		158,329	172,236
Share-based payments	11	277,283	72,445
Finance income		(7,682)	(20,204)
Other income		(83,088)	(325)
Realized and unrealized gain on short-term investments	5	(134,807)	(591,409)
Recovery on exploration and evaluation assets	9 (b)(g)(k)(l)	(642,580)	(1,265,863)
Net income (loss) for the year		(684,191)	762,558
Foreign exchange movements		(92,388)	(957,619)
Comprehensive loss for the year		(776,579)	(195,061)
Earnings (Loss) per share – basic and diluted		$ (0.02)	$ 0.02
Weighted average number of common shares outstanding – basic and diluted		41,076,657	37,327,477

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

RIVERSIDE RESOURCES INC.
(An Exploration Stage Enterprise)
Consolidated Statements of Cash Flows for the years ended September 30,
(Expressed in Canadian Dollars)

	Note	2017	2016
OPERATING ACTIVITIES			
Net income (loss) for the year		$ (684,191)	$ 762,558
Items not involving cash			
Depreciation	8	24,316	26,531
Performance bonus shares	15(c)	-	11,344
Share-based payments	11	277,283	72,445
Unrealized gain on short-term investments		(134,807)	(591,409)
Recovery on exploration and evaluation assets		(642,580)	-
Change in non-cash working capital items:			
Prepaid expenses		(17,917)	7,355
Receivables		(212,102)	(50,156)
Accounts payable and accrued liabilities		(19,336)	20,882
		(1,409,334)	259,550
INVESTING ACTIVITIES			
Purchase of equipment	8	(37,909)	-
Exploration advances – accounts payable and accrued liabilities		(210,036)	612,418
Deposits and other assets		-	42,091
Exploration and evaluation assets		(1,976,308)	(738,902)
Short-term investments		650,000	203,500
Exploration bonds, net of recoveries		-	65,492
		(1,574,253)	184,599
FINANCING ACTIVITIES			
Capital stock, net of issuance costs	11(b)	3,342,531	10,260
Exercise of stock options		22,100	-
		3,364,631	10,260
Effect of foreign exchange on cash and cash equivalents		(152,759)	(239,269)
Increase in cash and cash equivalents		228,285	215,140
Cash and cash equivalents, beginning of the year		3,690,714	3,475,574
Cash and cash equivalents, end of the year		$ 3,918,999	$ 3,690,714

Supplemental disclosures with respect to cash flows (Note 15)

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

RIVERSIDE RESOURCES INC.
(An Exploration Stage Enterprise)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Capital Stock				Accumulated other comprehensive loss	Total
	Note	Shares	Amount	Reserves	Deficit		
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	11	320,000	48,000	-	-	-	48,000
Stock option exercise	11	38,000	15,113	(4,853)	-	-	10,260
Share-based payments	11	-	-	72,445	-	-	72,445
Income for the year		-	-	-	762,558	-	762,558
Foreign exchange movements		-	-	-	-	(957,619)	(957,619)
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:							
Performance bonus shares	11	55,000	24,475	-	-	-	24,475
Private placement	11	6,257,367	3,441,552	-	-	-	3,441,552
Stock option exercise	11	105,000	32,931	(10,831)	-	-	22,100
Units issued for finders' fee	11	152,168	83,692	-	-	-	83,692
Share issuance costs		-	(182,713)	-	-	-	(182,713)
Shares issued for property	9(h)	200,000	92,000	-	-	-	92,000
Share-based payments	11	-	-	277,283	-	-	277,283
Loss for the year		-	-	-	(684,191)	-	(684,191)
Foreign exchange movements		-	-	-	-	(92,388)	(92,388)
Balance at September 30, 2017		44,179,313	$ 24,472,028	$ 3,046,457	$ (16,454,461)	$ (1,175,741)	$ 9,888,283

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

1. Nature and continuance of operations

Riverside Resources Inc. (the "Company") is a mineral exploration and evaluation company operating as a prospect generator listed on the TSX Venture Exchange under the symbol "RRI" and is engaged in the acquisition, exploration and evaluation 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, acquiring assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The 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 next fiscal year.

2. Basis of presentation

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

3. Statement of compliance

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

4. Significant accounting policies

(a) Principles of consolidation

These 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

4. Significant accounting policies (cont'd…)

(b) Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, Riverside Resources (BC) Inc., RRI Holdings Limited, and RRI Exploration Inc. is the Canadian dollar and the Mexican Peso for Riverside Resources Mexico, S.A. de C.V. and RRM Exploracion S.A.P.I. de C.V. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

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

The subsidiaries with a Mexican Peso functional currency have been translated into Canadian dollars as follows: assets and liabilities are translated at year end exchange rates, while revenues and expenses are translated using average rates over the year. Translation gains and losses relating to the foreign operations are included in accumulated other comprehensive loss as a separate component of shareholders' equity.

(c) Short-term investments and cash equivalents

Cash equivalents include: Canadian guaranteed investment certificates that are readily convertible into cash or have margins at the date of purchase of ninety days or less; and short-term investments include: marketable securities in publicly traded companies. Both types of instruments are classified as financial assets at fair value through profit or loss.

(d) Equipment

Equipment is carried at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the declining balance method at the following annual rates:

Computer hardware	45%
Exploration equipment	20%
Furniture & fixtures	20%
Vehicles	30%

(e) Exploration and evaluation assets

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

4. Significant accounting policies (cont'd…)

(e) Exploration and evaluation assets (cont'd…)

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

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

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

(f) Provision for environmental rehabilitation

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

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

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

(g) Impairment of long-lived assets

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

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

4. Significant accounting policies (cont'd…)

(h) Loss per share

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

(i) Critical accounting estimates, judgments, and assumptions

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

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

Exploration and evaluation assets

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

Share-based payments

Charges for share-based payments are based on the fair value on the date the awards are granted. Stock options are valued using the Black-Scholes option pricing model, and inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

Contingencies

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

4. Significant accounting policies (cont'd…)

(i) Critical accounting estimates, judgments, and assumptions (cont'd…)

Critical accounting judgments

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

(j) Income taxes

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

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

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

(k) Financial instruments

Financial assets

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

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

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

4. Significant accounting policies (cont'd…)

(k) Financial Instruments (cont'd…)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in accumulated other comprehensive loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from shareholders' equity and recognized in the profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

<u>Financial liabilities</u>

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

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

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

The Company has classified its cash and cash equivalents and short-term investments as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities. Refer to Note 17 for additional details.

(l) Share-based payments

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

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

4. Significant accounting policies (cont'd…)

(l) Share-based payments (cont'd…)

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

(m) Capital stock

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

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

(n) Management fees

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

(o) Contingencies

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are recognized unless the possibility of an outflow of economic resources is considered remote, in which case they are disclosed in the notes to the consolidated financial statements (Note 18).

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, tentatively effective for annual periods beginning on or after January 1, 2018.

- IFRS 15: New standard that replaces existing revenue requirements IAS 11, IAS 18, IFRIC 13, IFRIC 18 and SIC 31 for measurement, recognition, and disclosure of revenues; 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.

(Expressed in Canadian Dollars)

5. 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:

	September 30, 2017			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	$ 3,915	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	-
Viridium Pacific Group Ltd.(2)	242,350	763,030	130,995	8,733,001	763,030	43,665
E3 Metals Corp.(3)	55,087	160,667	20,382	275,438	160,667	24,789
Sierra Madre Developments Inc.(4)	12,503,218	1,103,791	-	12,503,218	1,103,791	-
Silver Viper Minerals Corp.	1,000,000	250,000	300,000	-	-	-
		$ 2,931,557	$ 1,105,292		$ 2,981,557	$ 1,370,484

(1) During the year ended September 30, 2017, 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 September 30, 2017.

(2) Viridium Pacific Group Ltd. (formerly Morro Bay Resources Ltd.) had a 10:1 share consolidation on May 15, 2017 and a 3.603457:1 share consolidation on September 22, 2017.

(3) E3 Metals Corp. was formerly named Savannah Gold Corp. and consolidated its common shares on the basis of five old shares for one new share on March 3, 2017.

(4) 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. The common shares of Sierra Madre are suspended from trading.

6. Receivables

Receivables mainly consist of tax refunds from the Federal Government of Canada and Mexico.

	September 30, 2017	September 30, 2016
GST recoverable amounts in Canada	$ 20,794	$ 16,109
IVA recoverable amounts in Mexico	413,407	164,139
Land taxes recovery in Mexico	23,310	64,077
Other receivables	-	1,084
	$ 457,511	$ 245,409

7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	September 30, 2017	September 30, 2016
Conferences and courses	$ 19,394	$ 9,659
Expense advances	29,696	22,559
Insurance	21,640	20,878
Rent	2,040	1,757
	$ 72,770	$ 54,853

(Expressed in Canadian Dollars)

8. 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	3,619	-	-	34,290	37,909
Disposals	-	-	(462)	-	(462)
Foreign exchange movement	168	1,394	281	1,801	3,644
Balance at September 30, 2017	**$ 85,955**	**$ 126,357**	**$ 34,121**	**$ 128,399**	**$ 374,832**
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)
Foreign exchange movement	2,067	12,334	2,345	12,236	28,982
Balance at September 30, 2016	$ (79,144)	$ (83,482)	$ (23,430)	$ (76,576)	$ (262,632)
Depreciation	(2,182)	(8,397)	(2,196)	(11,541)	(24,316)
Disposals	-	-	462	-	462
Foreign exchange movement	(155)	(960)	(187)	(940)	(2,242)
Balance at September 30, 2017	**$ (81,481)**	**$ (92,839)**	**$ (25,351)**	**$ (89,057)**	**$ (288,728)**
Net book value					
Balance at September 30, 2016	$ 3,024	$ 41,481	$ 10,872	$ 15,732	$ 71,109
Balance at September 30, 2017	**$ 4,474**	**$ 33,518**	**$ 8,770**	**$ 39,342**	**$ 86,104**

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets

For the year ended September 30, 2017

	Penoles Mexico	Tajitos Mexico	Clemente Mexico	La Silla Mexico	Glor Mexico	Bacoachi Mexico	Thor Mexico	Cecilia Mexico	Teco Mexico	Flute Canada	Lennac Canada	Total
Acquisition costs	$ 377,817	$ 43,976	$ 92,838	$ 2,171	$ 34,598	$ -	$ -	$ 128,959	$ 31,227	$ -	$ -	$ 711,586
Exploration costs:												
Access	-	6,930	-	-	-	-	6,327	21,491	-	-	-	34,748
Assaying	938	5,704	575	1,543	-	-	-	13,938	-	-	-	22,698
Field & camp costs	28,818	25,009	76	5,050	-	-	-	20,729	13,965	-	-	93,647
Geological consulting	188,232	206,907	14,200	79,848	62,253	1,061	504	212,730	12,702	3,600	7,350	789,387
Transport & support	58,840	63,071	1,262	24,263	18,122	-	-	53,442	13,436	-	-	232,436
Total current exploration costs	276,828	307,621	16,113	110,704	80,375	1,061	6,831	322,330	40,103	3,600	7,350	1,172,916
Professional & other fees:												
Professional consulting	95,709	23,388	24,500	12,571	33,000	-	3,095	55,585	1,024	-	-	248,872
Legal fees	10,611	22,874	11,967	-	-	-	-	8,853	-	-	-	54,305
Others	23,264	2,009	-	692	2,714	-	-	3,021	-	252	1,752	33,704
Total current professional & other fees	129,584	48,271	36,467	13,263	35,714	-	3,095	67,459	1,024	252	1,752	336,881
Total costs incurred during the year	784,229	399,868	145,418	126,138	150,687	1,061	9,926	518,748	72,354	3,852	9,102	2,221,383
Balance, Opening	186,761	1,639,659	499,535	106,188	54,526	5,071	-	-	-	2,825	157	2,494,722
Recoveries	-	-	(371,416)	-	-	-	-	-	-	-	-	(371,416)
Foreign exchange movements	44,396	15,426	4,379	80	861	84	(160)	(5,728)	(369)	-	-	58,969
Balance, End of the year	$ 1,015,386	$ 2,054,953	$ 277,916	$ 232,406	$ 206,074	$ 6,216	$ 9,766	$ 513,020	$ 71,985	$ 6,677	$ 9,259	$ 4,403,658
Cumulative costs:												
Acquisition	$ 3,835,654	$ 808,270	$ 197,917	$ 29,995	$ 52,203	$ 4,048	$ -	$ 128,959	$ 31,227	$ -	$ -	$ 5,088,273
Exploration	1,352,486	1,180,398	367,170	186,357	111,227	2,213	6,831	322,330	40,103	4,300	7,507	3,580,922
Professional & other fees	642,865	240,017	142,900	19,170	42,240	-	3,095	67,459	1,024	2,377	1,752	1,162,899
Recoveries	(4,319,037)	-	(394,473)	-	-	-	-	-	-	-	-	(4,713,510)
Foreign exchange movements	(496,582)	(173,732)	(35,598)	(3,116)	404	(45)	(160)	(5,728)	(369)	-	-	(714,926)
	$ 1,015,386	$ 2,054,953	$ 277,916	$ 232,406	$ 206,074	$ 6,216	$ 9,766	$ 513,020	$ 71,985	$ 6,677	$ 9,259	$ 4,403,658

(Expressed in Canadian Dollars)

9. 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

(Expressed in Canadian Dollars)

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

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Mexico, the United States, and Canada.

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.

(a) Peñoles, Durango, Mexico

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

During the years ended September 30, 2015 and 2014, the Company entered into an agreement to option a proportionate interest in the project to Morro Bay Resources Ltd. ("Morro Bay") which was successfully exercised by Morro Bay who earned a 51% interest in the Property.

Per the terms of the option agreement, as of May 1, 2016, Morro Bay had failed to meet the minimum required annual exploration expenditures of $750,000. As a result, on June 13, 2016, the Company elected to take back 100% ownership of the Project by returning 80% of the Morro Bay shares received over the course of the option agreement, being a total of 20,108,108 Morro Bay shares with a fair value of $201,081, recorded within acquisition costs (received during the year ended September 30, 2017). At no time while owning Morro Bay shares, was the Company considered to have significant influence over Morro Bay.

(b) Tajitos, Sonora, Mexico

The Company has a 100% interest in Tajitos Property, a gold project.

(c) 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, a silver-gold project, 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	$ 71,500 (received)	1,000,000 (received)	-
December 2, 2017	$ 50,000 (received)(1)	-	$ 350,000 (incurred)
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

(1) Option payments were received subsequent to September 30, 2017 (Note 19 (b)).

On February 2, 2017, the Company received $15,822 in cash from Silver Viper for reimbursement of Clemente mining taxes from January to September 2017.

(Expressed in Canadian Dollars)

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

(d) La Silla, Sinaloa, Mexico

In October 2015, the Company acquired two mining concessions in the La Silla gold-silver district in Sinaloa through a lottery process.

(e) Glor, Sonora, Mexico

In April 2016, the Company assumed an option agreement with Argonaut Gold Inc. ("Argonaut") to acquire 100% interest in the Glor Gold Project subject to a 1.0% NSR to Argonaut by paying US$100,000 in cash and US$62,500 in cash or shares at the Company's election, and incurring US$2,500,000 in exploration expenditures over a five-year period as follows:

Due Date	**Cash (USD)**	**Common shares (USD)**	**Cumulative exploration expenditures (USD)**
November 24, 2014	$ 12,500 (paid)	-	-
November 24, 2015	-	-	$ 125,000 (incurred)
November 24, 2016	$ 25,000 (paid)	-	$ 425,000 (incurred)
November 24, 2017	-	-	$ 925,000 (incurred)
November 24, 2018	$ 12,500	$12,500 (cash or shares)	-
November 24, 2019	$ 50,000	$50,000 (cash or shares)	$ 2,500,000

The Company can reduce the NSR to 0.5% at any time by paying $1,250,000 to Argonaut. No acquisition costs are capitalized as they were paid through the exploration alliance before the Company assumed the interest.

On July 25, 2016, the Company entered into an option agreement with Minera Centerra S.A. de C.V. ("Minera Centerra") whereby Minera Centerra can acquire a 70% interest in the Company's Glor Project by funding USD $3,500,000 in aggregate exploration expenditures due by November 24, 2020.

(f) Bacoachi, Sonora, Mexico

On July 22, 2016, the Company staked and acquired a 100% exploration concession interest in the Bacoachi Property. The Property is in northeastern Sonora, Mexico.

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

Thor is a porphyry copper project, located in Sonora, Mexico. Antofagasta Investment Company Limited ("Antofagasta") 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 year ended September 30, 2017, $54,773 (2016 - $48,652) of management fees were earned in relation to the Thor Project and recorded as a reduction in consulting fees.

On June 1, 2017, Antofagasta elected not to complete the $5,000,000 in exploration expenditures required to earn a 65% interest in the Thor Project. As a result, the Company regained a 100% interest in the Thor Copper Project.

(h) Cecilia, Sonora, Mexico

In January 2017, the Company signed letter agreements with Gunpoint Exploration Ltd. ("Gunpoint") and Millrock Resources Inc. ("Millrock") to acquire three La Cecilia Margarita concessions owned by Gunpoint, and to acquire the Violeta concession owned by Millrock into a unified Cecilia Gold Project. The Company could acquire a 100% interest in the La Cecilia Margarita concessions from Gunpoint with the following terms:

(Expressed in Canadian Dollars)

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

(h) Cecilia, Sonora, Mexico (cont'd)

Due Date	Cash	Common Shares
Upon signing of letter agreement (January 31, 2017)	$ 10,000 (paid)	-
Upon signing of Mexican agreement (June, 2017)	$ 15,000 (paid)	100,000 (issued, fair value: $46,000)
January 31, 2018	$ 25,000	200,000
January 31, 2019	$ 75,000	300,000
January 31, 2020	$ 125,000	400,000

In addition to the payments made to Gunpoint above, the Company acquired a 100% interest in the Violeta concession from Millrock during the year ended September 30, 2017 by paying $10,000 and issuing 100,000 common shares with a fair value of $46,000 to Millrock upon completion of property title transfer, subject to 0.5% NSR.

(i) Teco, Sonora, Mexico

Teco Project is made up of two concessions: Teco and Suaqui Grande. The Company acquired a 100% interest in the Suaqui Grande concession on March 24, 2017.

(j) Antofagasta Exploration Alliance, British Columbia, Canada

Flute and Lennac Projects

The Company assumed the interest in the Flute and Lennac copper-gold Projects when the historical Strategic Exploration Alliance ("SEA") with Antofagasta Minerals S.A. ("AMSA") expired. No acquisition costs were capitalized as they were paid through the exploration alliance before the Company assumed the interest.

Swift Katie Project

The Swift Katie Copper Project was acquired through the historical SEA with AMSA. In connection with the project, $65,492 in reclamation bonds were held on behalf of the Company with the British Columbia Ministry of Energy, Mines and Petroleum Resources. These bonds were released to the Company during the year ended September 30, 2016. During the year ended September 30, 2015, the Company terminated the option with the underlying concession holder, and has not further obligation with respect to the project. There were no historical capitalized costs associated with this project.

(k) Sugarloaf Peak, Arizona, USA

The Company formerly owned 100% of the Sugarloaf Peak Property, a gold project, subject to a 1.5% NSR. The Company optioned the Property to Croesus Gold Corp. ("Croesus Gold") whereby Croesus Gold could acquire a 100% interest by completing certain cash payments and share issuances to the Company.

In December 2015, the terms of the option agreement were amended, resulting in the Company receiving from Croesus Gold, $400,000 cash, and 4,000,000 common shares of Croesus Gold (received with fair value of $400,000).

In March 2016, the terms of the option agreement were amended to allow Croesus Gold to earn an immediate undivided 100% interest in the gold property with the Company retaining a 2% NSR by making a one-time cash payment of $250,000 plus $42,000 to reimburse Riverside for pre-paid claim fees, totaling $292,000 (received). Croesus Gold has no further obligations to the Company in respect of the property.

(Expressed in Canadian Dollars)

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

(k) Sugarloaf Peak, Arizona, USA (cont'd)

As a result, the Company received aggregate cash and share option payments from Croesus Gold during the year ended September 30, 2016, of $1,092,000. Of the total recovered, $417,001 was recorded against the property to reducing the carrying value to $nil, and the excess of $674,999 recorded within recovery on exploration and evaluation assets in profit or loss.

(l) Antofagasta Exploration Alliance, Sonora Mexico

On July 18, 2016, the Company's three-year strategic exploration alliance with Antofagasta Investment Company Limited ("AICL") for generative exploration work in Mexico, expired. Upon expiry and termination of this agreement, the Company recognized a recovery on exploration and evaluation assets of $642,580.

10. Accounts payable and accrued liabilities

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

	September 30, 2017	September 30, 2016
Payables to vendors	$ 91,943	$ 104,094
Exploration advances	89,633	942,249
	$ 181,576	$ 1,046,343

11. 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

Shares issued for the year ended September 30, 2017

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

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

(c) On March 15, 2017, the Company completed a non-brokered private placement consisting of 6,257,367 units at a price of $0.55 per unit for gross proceeds of $3,441,552. As part of the financing, the Company issued 152,168 additional units as finders' fees with a fair value of $83,692 recorded as the share issuance costs, with 149,168 units issued on April 24, 2017. Each unit consisted 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.

(d) On May 3, 2017, the Company issued 200,000 shares valued at $92,000 for the Cecilia Project (Note 9(h)).

(Expressed in Canadian Dollars)

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

Shares issuance for the year ended September 30, 2016

(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.

Share purchase and finders' warrants

	Number of warrants	Weighted average exercise price
Outstanding warrants, September 30, 2015 and 2016	-	$ -
Issued	3,204,767	0.85
Outstanding warrants, September 30, 2017	3,204,767	$ 0.85

As at September 30, 2017, the following share purchase warrants were outstanding and exercisable:

Expiry date (mm/dd/yyyy)	Number of warrants outstanding	Weighted average remaining life in years	Exercise price
03/15/2019	3,130,183	1.45	$ 0.85
04/24/2019	74,584	1.56	$ 0.85
	3,204,767	1.46	$ 0.85

Bonus share plan

The Company has a bonus share plan ("Bonus Plan") that enables the directors to approve the issuance of bonus shares to employees, officers, directors and consultants of the Company. The existing Bonus Plan which was approved during the year ended September 30, 2016, replaces the preceding plan, and the number of bonus shares that may be issued under the Bonus Plan is 375,000 common shares. During the year ended September 30, 2017, 55,000 (2016 - 320,000) bonus shares were issued under this plan.

Stock options

The Company has established a rolling stock option plan ("Option Plan") enabling the directors to grant options to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Option Plan, provided that the total number of shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis) less that portion of the 375,000 that may be issued as bonus shares that have not been so issued as at the date of grant. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. All stock options issued are subject to vesting terms. Options issued to directors, vest in the amount of 33% every six months from the date of grant; and options issued to officers and/or consultants vest between 12 and 24 months depending on date of grant and nature of service. The exercise price of each option equals the market price, minimum price, or discounted market price of the Company's shares as calculated on the date of grant.

(Expressed in Canadian Dollars)

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

Stock options (cont'd…)

Share-based payments relating to options vested during the year ended September 30, 2017, using the Black-Scholes option pricing model was $277,283 (2016 - $72,445), 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 year was calculated based on the following weighted average assumptions:

	2017	2016
Forfeiture rate	4.67 %	14 %
Estimated risk-free rate	1.21 %	0.66 %
Expected volatility	80.37 %	72.77 %
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	5.00 years	5.00 years
Fair value per option granted	$ 0.30	$ 0.09

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	$ 0.45
Forfeited	(403,000)	$ 0.27
Exercised	(38,000)	$ 0.27
Expired	(1,465,000)	$ 0.50
Granted	955,000	$ 0.15
Outstanding options, September 30, 2016	2,191,000	$ 0.32
Forfeited	(160,000)	$ 0.45
Exercised	(105,000)	$ 0.21
Granted	1,070,000	$ 0.42
Outstanding options, September 30, 2017	2,996,000	$ 0.36

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 September 30, 2017, 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	525,000	0.21	$ 0.65	525,000
11/14/2019	761,000	2.12	$ 0.27	761,000
01/07/2021	725,000	3.27	$ 0.15	725,000
12/16/2021	985,000	4.21	$ 0.42	613,750
	2,996,000	2.75		2,624,750

(Expressed in Canadian Dollars)

12. Income taxes

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

	2017	2016
Net income (loss) for the year	$ (684,191)	$ 762,558
Expected income tax expense (recovery)	$ (178,000)	$ 198,000
Share issue costs	(48,000)	-
Change in statutory, foreign tax, foreign exchange rates and other	(35,000)	105,000
Permanent difference	56,000	(50,000)
Impact on prior year provision per statutory tax return and expiry of non-capital losses	(192,000)	-
Change in unrecognized deductible temporary differences	397,000	(253,000)
Total income taxes	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities related to Mexico are as follows:

	2017	2016
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ (1,229,000)	$ (643,000)
Property and equipment	87,000	82,000
Non-capital losses	1,142,000	561,000
Net deferred tax liability	$ -	$ -

The significant components of deferred tax assets related to Canada, Mexico and the United States that have not been recognized are as follows:

	2017	2016
Deferred tax assets		
Share issuance costs	$ 38,000	$ -
Allowable capital losses	263,000	165,000
Non-capital losses	2,834,000	2,496,000
Capital assets	32,000	31,000
Marketable securities	237,000	209,000
Exploration and evaluation assets	206,000	418,000
	$ 3,610,000	$ 3,319,000

(Expressed in Canadian Dollars)

12. Income taxes (cont'd)

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

	September 30, 2017	Expiry dates	September 30, 2016	Expiry dates
Share issue costs	$ 146,000	2038-2041	$ -	N/A
Allowable capital losses	1,010,000	N/A	633,000	N/A
Non-capital losses	10,706,000	2027-2036	9,494,000	2017-2036
Capital assets	125,000	N/A	122,000	N/A
Exploration and evaluation assets	793,000	N/A	1,354,000	N/A
Marketable securities	1,826,000	N/A	1,611,000	N/A

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

13. Related party transactions

The Company entered into the following transactions with related parties:

Payee	Nature of transactions	Year ending September 30	Fees ($)	Shares ($)	Amount payable at year end ($)
Arriva Management Inc.	Management and consulting fees (i)	2017 2016	252,000 234,872	4,450 11,250	8,769 Nil
GSBC Financial Management Inc.	Management and consulting fees (i)	2017 2016	184,004 170,004	6,675 11,250	Nil Nil
Dorado Minerals	Consulting fees (i)	2017 2016	Nil 110,171	Nil 5,625	Nil Nil
Ronald Burk	Consulting fees (i)	2017 2016	188,524 15,000	2,225 Nil	7,604 7,604
English Bay Capital	Consulting fees (i)	2017 2016	135,000 102,000	6,675 11,250	12,350 Nil
Michael Doggett*	Director fees	2017 2016	5,000 12,000	Nil Nil	Nil 3,000
William Lee	Director fees	2017 2016	Nil 4,750	Nil Nil	Nil Nil
Brian Groves	Director fees	2017 2016	12,000 12,000	Nil Nil	Nil Nil
James Clare	Director fees	2017 2016	12,000 12,000	Nil Nil	Nil 3,000
Carol Ellis	Director fees	2017 2016	12,000 4,000	Nil Nil	Nil Nil
Walter Henry	Director fees	2017 2016	12,000 4,000	Nil Nil	Nil Nil

*Michael Doggett did not stand for re-election at the Company's AGM on March 2, 2017.

At September 30, 2017, the amount payable to a company controlled by an officer of the Company was $541 (2016 - $2,013) for expense reimbursements.

(Expressed in Canadian Dollars)

13. Related party transactions (cont'd)

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 year ended September 30, 2017 and 2016 are as follows:

	2017	2016
Directors' fees	$ 53,000	$ 48,750
Management and consulting fees (i)	759,528	632,047
Performance bonus shares	20,025	39,375
Share-based payments	201,882	59,242
	$ 1,038,885	$ 779,414

(i) Management and consulting fees of the key management personnel for the year were allocated as follows: $170,000 (2016 - $157,500) expensed to consulting fees, $20,000 ($2016 - $42,000) expensed to investor relations, $502,058 (2015 - $208,311) capitalized to exploration and evaluation assets, $53,070 (2016 - $655) expensed to property investigation and evaluation, and $14,400 (2016 - $223,581) capitalized to exploration work performed for alliances that will be reimbursed.

14. 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.

	September 30, 2017	September 30, 2016
Equipment		
Canada	$ 13,737	$ 14,385
Mexico	72,367	56,724
	86,104	71,109
Exploration and evaluation assets		
Canada	15,936	2,982
Mexico	4,387,722	2,491,740
	4,403,658	2,494,722
Total	$ 4,489,762	$ 2,565,831

(Expressed in Canadian Dollars)

15. Supplemental disclosure with respect to cash flows

	2017	2016
Cash	$ 2,851,255	$ 1,997,081
Cash equivalents	1,067,744	1,693,633
	3,918,999	3,690,714

The significant non-cash transactions for the year ended September 30, 2017 were as follows:

a) The Company received 1,000,000 Silver Viper shares valued at $250,000 as exploration and evaluation asset recoveries (Note 9(c)).
b) The Company issued 200,000 shares valued at $92,000 for Cecilia Project (Note 9(h)).
c) The Company issued 55,000 common shares at a value of $24,475 to certain executive officers and consultants in accordance with the Company's bonus share plan. The amount was capitalized to exploration and evaluation assets.
d) Included in accounts payable was $8,650 (September 30, 2016 - $1,465) in exploration and evaluation asset expenditures.
e) The Company issued 152,168 finders' units issued with a fair value of $83,692 as share issuance costs.

The significant non-cash transactions for the year ended September 30, 2016 were as follows:

a) The Company issued 320,000 common shares at a value of $48,000 to certain officers and consultants in accordance with the Company's bonus share plan. Of which, $11,344 was expensed to consulting fees, and $36,656 was 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.
c) The Company returned 20,108,108 Morro Bay shares upon termination of Peñoles option agreement.
d) Included in accounts payable was $1,465 in exploration and evaluation asset expenditures.

16. 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.

There were no changes in the Company's approach to capital management during the year ended September 30, 2017. The Company is not currently subject to externally imposed capital requirements.

17. Financial instruments

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

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

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents are held with major financial institutions in Canada and Mexico which management believes the risk of loss to be remote. Receivables consist of tax refunds from the Federal Government of Canada and Mexico, in which regular collection occurs, and land tax recovery. 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 September 30, 2017, the Company had a cash and cash equivalents of $3,918,999 to settle current liabilities of $181,576. The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has interest-bearing cash balances. The interest earned on cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. 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 September 30, 2017, the Company had investments in short-term deposit certificates of $1,105,292.

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 profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company currently maintains short-term investments, which include marketable securities (Note 5). There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

17. Financial instruments (cont'd…)

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in US dollars (US) 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 year by $545,892.

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 share prices would affect short-term investments and profit or loss for the year by approximately $165,794.

18. Commitment and Contingency

Commitment

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 is $74,987 in 2018.

Contingency

During the year ended September 30, 2017, the Company initiated a lawsuit against the Government of Mexico, regarding an assessment made by the Mexican tax authorities that deemed funds provided by the Company to its wholly-owned subsidiary Riverside Resources Mexico S.A. de C.V. in previous fiscal year to be income. The position of the Mexican tax authority is that there are income taxes and value added taxes payable in that year. The Company believes this position is completely without merit. The Company has not accrued any amount associated with the position of the Mexican tax authority as its subsidiary has approximately 10 years of unused tax losses and it is unclear what the tax payable position would be, if any, in the event the proceedings are concluded against the Company's favor.

19. Subsequent events

On November 3, 2017, the Company granted 760,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at $0.28 per share for a period of five years from the date of grant. There were 230,000 bonus shares issued at the value of $64,400 to certain executive officers and consultants on the same date.

On December 4, 2017, the Company received $50,000 in cash from Silver Viper as per option agreement (Note 9 (c)).

On December 14, 2017, 525,000 stock options, expired unexercised (Note 11).

RIVERSIDE RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 year ended September 30, 2017. In order to better understand the MD&A it should be read in conjunction with the unaudited financial statements and related notes for the year ended September 30, 2017 and the audited financial statements and related notes for the year ended September 30, 2017. 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 January 26, 2018 and in Canadian dollars unless otherwise stated.

Additional information relating to the Company, including its Information Circular for the financial year ended September 30, 2017, 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), and Ron Burk (Vice President Exploration) with the finance and business management expertise of Rob Scott (CFO), Brian Groves (Director), James Clare (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 September 30, 2017, the Company had $24,472,028 in capital stock and 44,179,313 common shares outstanding.

Private Placement

On March 15, 2017, the Company completed a non-brokered private placement consisting of 6,257,367 units at a price of $0.55 per unit for gross proceeds of $3,441,552. As part of the financing, the Company issued 152,168 additional units as finders' fees, where 149,168 units were issued on April 24, 2017. Each unit consisted 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.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the year ended September 30, 2017 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) 105,000 options were exercised for gross proceeds of $22,100.

(c) 160,000 options were forfeited.

(d) 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 were 3,204,767 share purchase warrants outstanding as September 30, 2017 (September 30, 2016 – nil).

OPERATIONS

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

<u>Cecilia Gold Project, Sonora, Mexico</u>

In January 2017, the Company signed letter agreements with Gunpoint Exploration Ltd. ("Gunpoint") and Millrock Resources Inc. ("Millrock") to consolidate the former company's three 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 geological setting. The epithermal gold-silver mineralisation is hosted by a felsic flow-dome complex which is similar in age and composition to volcanic structures associated with the large La Pitarrilla and San Juan silver deposits found in the State of Durango.

The main 778.3-hectare Cecilia-Margarita concession covers four gold-silver target zones. Previous exploration programs focused on only a portion of the Project within an area of less than one square kilometre where some thirty underground workings and twenty-three diamond 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 Explorations consisted of geological mapping, extensive surface and underground rock-chip sampling and two diamond drilling programs, one comprising 19 holes 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 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 drill-hole 138-95-08 is one of the better intercepts of mineralization. A second 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 long intersection of altered rhyolite porphyry in borehole 83-03, also drilled in the area of the North Breccia target, produced nineteen core 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 83-04 on the Central Zone target produced seventy-seven core samples which were again 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 Company completed the first phase of self-funded exploration at the project in July of 2017. The sampling done to date has been concentrated at the North Breccia and Central zones, two high-priority gold targets which are ready to progress with further drilling.

A key component of the Company's exploration program at the Cecilia project was to confirm the existence of multiple zones of gold-bearing hydrothermal breccia and quartz stockwork veining that had been sampled decades ago by other groups, including Chesapeake Gold Corp., Cambior Explorations and the Consejo de Recursos Minerales, the predecessor to Mexico's geological survey, Servicio Geologico Mexicano. Riverside accomplished this by collecting and analyzing a total of 406 rock samples from the Project's four main gold zones, the North Breccia, Central, West and East Zones. Bedrock exposures in areas surrounding the four prospects were also sampled with the objective of expanding the known zones of gold mineralization. In addition to its own rock sampling, Riverside's geologists compiled and reviewed geological and geochemical data sets that had been generated over a 35-year history of modern exploration at Cecilia.

Results of Riverside's sampling program show clusters of samples with gold concentrations greater than 0.3 g/t Au which clearly confirm the presence of the above-mentioned gold zones. Importantly, gold mineralization at Cecilia is seen to be widespread, occurring over an area that is roughly 1,200 metres by 400 metres, and it is also found over an elevation range of more than 400 metres.

Highlights of the exploration results reported from the first-phase exploration program by the Company include:

- Thirty-three (33) of the 91 samples collected at Cecilia (approximately 36% of the total) yielded gold assays greater than 0.5 g/t gold (Au), with five samples assaying greater than 3 g/t Au.
- 8.0 and 9.7 metre wide zones of gold mineralization at the North Breccia Zone that averaged 3.90 g/t Au and 1.18 g/t Au, respectively (as reported in the Company's news release dated July 25, 2017
- A 3.0 m wide zone of altered fault breccia located 400 m southwest of the North Breccia averaged 5.45 g/t Au
- High-grade mineralization was found in quartz vein boulders found at the entrances to underground workings in the Central Zone; two samples yielded assays of 113.7 g/t Au with 288 g/t Ag and 58 g/t Au with 207 g/t Ag
- Nineteen (19) of the 91 samples have silver contents greater than 100 g/t Ag; six of these samples yielded assays that were greater than 200 g/t Ag, with the maximum silver assay being 310 g/t Ag.
- The silver-to-gold ratio of the epithermal mineralization appears to increase as mineralized structures are sampled at progressively lower elevations, which is characteristic of some of the major epithermal Ag-Au dome complexes of Mexico.

The Company's exploration program was successful in confirming the presence of multiple zones of gold mineralization at the Cecilia project, and its sampling results has enabled it to define specific drilling targets. Moreover, the selection of Riverside's drill targets was guided by gold assay data for surface and underground rock samples that were viewed in the context of a geological and exploration model developed for the Cerro Magallanes volcanic flow-dome complex. This model is based on other flow-dome complexes in Mexico where economically important ore systems are found (eg. La Pitarrilla, San Julian). Riverside's planned drill-holes have been designed to test the North Breccia, Central and East gold zones using borehole orientations that in most cases will be at least 90° to the azimuth directions of the historic drill-holes, i.e. the planned holes will be directed to the south or southwest instead of to the northwest. Many of the boreholes drilled in 1995 are interpreted to have been oriented subparallel to the main mineralized structures, consequently missing their targets. Some of Riverside's proposed drill-holes are designed to test deeper levels of the volcanic complex to explore for feeder structures that may control large epithermal quartz veins containing high-grade gold-silver mineralization such as was found in Central Zone boulders of epithermal quartz.

A work permit application for a 20-borehole drilling program was submitted to Mexico's environmental agency, SEMARNAT. The permit application was approved by the agency in early October of 2017. Existing drill roads, with minor upgrading, will facilitate future drilling.

Glor Gold Project

The Company's Glor Project is located in western Sonora, Mexico, and was initially acquired throughan exploration-focused strategic alliance that the Company's had with Hochschild Mining in 2014 and 2015. The Project is situated approximately 8 km west of Alamos Gold's El Chanate Mine and is considered to cover a geological setting similar to that hosting the El Chanate orogenic gold deposit.

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 a four-year period.

In June of 2017 the Company completed an initial nine-hole, 1,942 metre, diamond drilling program at the 4 km² Pitaya Target situated in the northeastern sector of the 36 km² Glor property. Prior to the drilling campaign, the Pitaya target area was systematically explored with geological mapping and rock sampling, induced polarization geophysical surveying and a program of mechanical trenching and channel sampling. Eighteen trenches with a combined length of 3,757 meters were excavated, from which 1,019 chip-channel rock samples were collected and analyzed. All of these work programs were entirely funded by Minera Centerra. The Pitaya target area had been originally identified by Au- and As-in-soil anomalies outlined by a partner-funded soil geochemistry survey that was completed in 2016, covering the eastern half of the Glor property.

The longest hole of the Pitaya drill program was 285 metres. Drill-hole GL17-002D yielded the best intersection of gold mineralization of the campaign: 11.0 metres averaging 0.591 grams gold per tonne (g/t Au) starting at 122 metres down the inclined drill-hole and hosted by andesite volcanic rock showing iron carbonate and white mica (sericite) alteration. The highest gold value included in this assay interval is 1.415 g/t Au over 1.0 metre of core. The other eight drill-holes intersected sporadic thin zones of gold mineralization that generally graded less than 0.4 g/t Au across 1.0 metre, with the best of these intercepts being a 2.0 metre interval in GL17-004D that averaged 0.466 g/t Au.

Fieldwork at the Glor project is to continue at least to the end of 2017, with Centerra funding additional exploration programs that investigate the gold potential of the Puerto El Alamo target area in the central part of the property. Plans are in place to carry out detailed soil geochemistry and ground magnetometer surveys at this target area and to also cover the area with several lines of induced polarization surveying. If sufficiently prospective gold targets are generated, a second round of diamond drilling will be completed before the end of the year. A brief summary of the project and previous disclosures are available on the Company's website.

Peñoles Project, Durango, Mexico

The Peñoles Project, 100% owned by the Company, comprises a large land package of approximately 6,862 hectares located in north-central Durango State within the globally important Central Mexico Silver Belt. Peñoles is an advanced project having been tested for economic gold and silver mineralization with 86 drill-holes (approx. 11,500 meters total). These drill-holes have delineated N.I.43-101 compliant Inferred Resources for the Capitan gold deposit and the nearby Jesus Maria silver deposit. The reader is referred to the Company's website and SEDAR filings for detailed information on the resource estimates and on the various exploration programs previously completed on the Project.

In 2017, the Company is working on Penoles involved the re-logging of the drill cores for a majority of the drill-holes that tested the Jesus Maria silver deposit. This work was done in an attempt to identify untested, high-potential drill targets in the immediate vicinity of the known Jesus Maria resource. The core-logging was followed up with a detailed analysis of existing drill core geochemical data resulting in an improved understanding of the types of silver mineralization found at Jesus Maria. More importantly, the review of the Jesus Maria database has given the Company a better idea of where the best potential to increase the Project's silver resource might exist on the property.

Tajitos Gold Project, Sonora, Mexico

Located in north-western Sonora State, Mexico, the Tajitos Gold Project consists of two concession blocks, the core Tajitos claim group and the easterly lying El Tejo group of concessions. The Project is strategically well situated in the *Caborca Orogenic Gold Province* which includes the major gold mines at La Herradura and San Francisco among other producers. The core claim at Tajitos covers a number of gold-bearing quartz veins that were exploited by small underground mines, now abandoned. About two kilometers to the northeast, Mexican gold producer Fresnillo plc is advancing its Tajitos gold project where a 300,000-ounce gold deposit has been reported to exist.

In October of 2015, the Company signed an option to purchase agreement with Centerra Gold Inc. ("Centerra") for the Tajitos Project (refer to the Company's news release dated October 02, 2015). Early in in 2016 Centerra funded a diamond drilling program which tested the prospective trend of gold-bearing Mesozoic volcano-sedimentary rocks that trend across the Tajitos claim group and presumably extend onto the El Tejo concession beneath alluvial cover. . On May 17, 2016, the Company announced results from eight (8) diamond core holes that have a combined length of 1,832 metres. Highlighted intercepts from this drilling program are noted below.

- 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;

Gold mineralization intersected in the Tajitos drill-holescogenerally occurs in fault zones and along lithologic contacts. However, the wide spacing of the drill-holes prevents the reliable definition of the strike and dip orientations of the mineralized zones. Further drilling is required to better determine the extent and tenor of gold mineralization on the Tajitos concession.

In addition to the eight boreholes drilled by Centerra on the Tajitos claim group, a program of reverse circulation drilling on the El Tejo block was completed in 2016. Twelve RC holes, totaling 1,728 meters, were drilled to probe bedrock lying beneath an extensive and thick deposit of alluvial gravels. While a few of the RC holes managed to penetrate through the gravel cover and into bedrock composed of prospective Jurassic-age volcano-sedimentary rocks, a number of the holes had to be abandoned because of excessively thick cover (>150m). These results, in particular, prompted Centerra to terminate its option on the Tajitos-El Tejo property package following the completion of the 2016 drilling campaign.

The Tajitos Project is owned 100% by Riverside and is currently available for joint venture or an outright sale.

Clemente Silver-Gold Project

The Company's Clemente Project is an early-stage exploration property located in western Sonora, Mexico. On August 23, 2016, the Company signed a Letter of Intent ("LOI") with Silver Viper Minerals Corp. ("Silver Viper") whereby Silver Viper would have the option to 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 in cash a total of $796,500 ($86,500 received), issue a total of 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.

On September 27, 2017 Silver Viper completed the process of its initial public offering ("IPO") for listing on the TSX Venture Exchange, and a few days later its shares were trading on this exchange the company was preparing for an October-2017 diamond drilling campaign. To date, no update on the status of the planned drilling has been reported by Silver Viper.

La Silla Gold-Silver Project

On November 17, 2015, the Company announced that it had won the right to claim four concessions in the Ollitas gold and silver mining district in southern Sinaloa, Mexico. Two adjoining concessions totaling 1,031.5 hectares were claimed to cover an easterly trending vein structure, the Ciruela target, where historical rock-chip sampling yielded assays of 24.4 g/t and 16.6 g/t gold. Another two concessions totaling 1,039.3 hectares, but separate from the other concessions, were claimed to cover the El Roble gold prospect. El Roble had been previously investigated with shallow trenching and the drilling of six boreholes totaling 451 meters. The best result obtained by this short drilling program came from hole ER-001; it intersected 15.2 meters grading 6.59 g/t Au, starting at surface. A follow-up hole at this site, ER-004, intersected 9.1 meters averaging 2.06 g/t Au.

In April of 2016, prospecting work done by Riverside at the Ciruela and El Roble prospects produced four rock-chip samples from Ciruela and 20 samples from El Roble. The best assay results obtained for these samples included 9.43 g/t Au and 196 g/t Ag for a sample collected from an old working at Ciruela along with two samples collected at El Roble that returned gold values of 1.73 and 2.21 g/t Au.

In June of 2017 the Company completed reconnaissance soil geochemistry surveys on the two group of concessions in an attempt to trace out the strike continuations of the Ciruela and El Roble smineralized structures. Since then the Company has been presenting the Project to parties potentially interested in acquiring the concessions from Riverside through an option-to-purchase agreement.

Thor Copper Project, Sonora, Mexico

In June of 2017, Riverside regained 100% interest in the Thor Copper Project (the “Project”), as the Company’s joint-venture partner, a subsidiary of Antofagasta plc (“Antofagasta”), elected not to complete the C$5M in exploration expenditure required for it to earn a 65% interest in the Project. The Thor Copper Project is located in south-central Sonora, Mexico and covers a geological setting that is prospective for a ‘blind’ porphyry copper deposit of the same geologic age as the other major copper deposits being mined in Sonora, including at Cananea and La Caridad. Riverside and Antofagasta completed an initial proof-of-concept drilling program that tested for a Laramide-age porphyry system. The four drill holes, the only ones ever drilled at Thor, confirmed the presence of poryhyry-style alteration and quartz-sulphide veining, with three of the drill-holes intersecting a well-developed quartz-sericite-pyrite stockwork system. While the Antofagasta drill-holes did not return significant copper assays, they did provide valuable sub-surface geological information that has enabled the Company to define additional high-potential drill targets at Thor which can quickly tested since the required work permit remains in effect.Recently the Company has been presenting the Thor project along with other copper targets it is acquiring in Sonora to a number of copper miners who are interested in investing in exploration projects in ‘mining-friendly’ Mexico.

The scientific and technical data contained in the property descriptions pertaining to the Company’s Mexico portfolio were reviewed by Ron Burk, P. Eng., 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.

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Company at September 30, 2017 and for each of the prior two fiscal years prepared in accordance with IFRS. The selected consolidated financial information should be read in conjunction with the audited consolidated financial statements of the Company.

Canadian Dollars		**2017**		**2016**		**2015**
Finance, property and other income	$	90,770	$	20,529	$	60,934
Net income (loss)		(684,191)		762,558		(2,861,752)
Net earnings (loss) per share, basic and fully diluted		(0.02)		0.02		(0.08)
Cash and short-term investments		5,024,291		5,061,198		4,259,230
Total assets		10,069,859		7,952,816		7,416,756

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Year ended September 30

For the year ended September 30, 2017, the Company had a net loss of $684,191, resulting in a loss per share of $0.02. The gain was related to finance income of $7,682, other income of $83,088, an unrealized gain on short-term investments of $134,807, and recovery on exploration and evaluation assets of $642,580, which were offset by operating expenses of $344,172 and a foreign exchange loss of $208,176.

For the year ended September 30, 2016, the Company had a net income of $762,558, resulting in earnings per share of $0.02. The gain was related to finance income of $20,204, other income of $325, an unrealized gain on short-term investments of $591,409, and recovery on exploration and evaluation assets of $1,265,863, which were offset by operating expenses of $1,028,646 and a foreign exchange loss of $86,597.

Fourth quarter ended September 30

For the quarter ended September 30, 2017, the Company had a net income of $193,667, resulting in earnings per share of $0.00. The gain was related to finance income of $3,925, other income of $13,203, and recovery on exploration and evaluation assets of $642,580, which were offset by operating expenses of $294,904 and a foreign exchange loss of $176,962.

For the quarter ended September 30, 2016, the Company had a net income of $998,726, resulting in earnings per share of $0.03. The gain was related to finance income of $1,162, other income of $175, an unrealized gain on short-term investments of $875,906, and a recovery of short-term investments of $400,000, which were offset by operating expenses of $258,453 and a foreign exchange loss of $20,064.

*Marketable securities included in short-term investments consist of shares received as property option payments from the Company's farm-out partners. The unrealized gain or loss on short-term investments changed significantly when compared to the prior years due to the volatile market conditions.

Exploration

The Company capitalizes all exploration costs relating to its resource interests whereas pre-exploration costs are expensed as incurred. During the year ended September 30, 2017, the Company recorded $2,221,383 in acquisition and exploration of its properties as follows:

- Mexico
  - Peñoles $ 784,229
  - Tajitos $ 399,868
  - Clemente $ 145,418
  - La Silla $ 126,138
  - Glor $ 150,687
  - Bacoachi $ 1,061
  - Thor $ 9,926
  - Cecilia $ 518,748
  - Teco $ 72,354
- Canada
  - Flute $ 3,852
  - Lennac $ 9,102

The Company recovered $371,416 of the acquisition and exploration expenditures through an option agreement with Silver Viper on the Clemente property during the year ended September 30, 2017, which reduced the cumulative exploration costs.

During the year ended September 30, 2016, the Company recorded $975,756 in acquisition and exploration of its properties as follows:

- US
  - Sugarloaf Peak $ 34,657
- Mexico
  - Peñoles $ 477,683
  - Tajitos $ 255,115
  - Clemente $ 38,734
  - La Silla $ 109,384
  - Glor $ 54,983
  - Bacoachi $ 5,200

The Company recovered $432,001 of the acquisition and exploration expenditures through option agreements with partners on various properties during the year ended September 30, 2016, which reduced the cumulative exploration costs.

Full particulars of the deferred exploration costs are shown in Note 9 to the Financial Statements.

Recoveries and Other Income

During the year ended September 30, 2017, the Company received $121,416 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 year ended September 30, 2017 were $7,682 and $83,088 respectively.

During the year ended September 30, 2016, the Company received $692,000 in 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 $1,092,000 recovered, $417,001 was offset against the carrying value of the property bringing the balance down to $nil as at September 30, 2016. The remaining $674,999 was recorded as a recovery on the exploration and evaluation asset on the statement of operations and comprehensive loss. In addition, the Company recovered $590,864 from exploration alliances which was recognized in the statement of operations and comprehensive loss. Finance income and other income for the year ended September 30, 2016 were $20,204 and $325 respectively.

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

Expenses

During the year ended September 30, 2017, the Company incurred $24,316 in depreciation, $217,581 in consulting fees, $53,000 in directors' fees, $209,650 in investor relations fees, $132,202 in professional fees, $153,782 in property investigation and evaluation expenses, $277,283 in share-based compensation, $118,029 in general and administrative expenses. In addition, the Company incurred $158,329 in rent. The Company earned $7,682 in finance income, $83,088 in other income, and $134,807 in an unrealized gain on short-term investments, and $642,580 in recovery on exploration and evaluation assets.

During the year ended September 30, 2016, the Company incurred $26,531 in depreciation, $238,799 in consulting fees, $48,750 in directors' fees, $178,863 in investor relations fees, $115,108 in professional fees, $50,228 in property investigation and evaluation expenses, $72,445 in share-based compensation, $32,683 in travel, $125,686 in general and administrative expenses. In addition, the Company incurred $172,236 in rent. The Company earned $20,204 in finance income, $325 in other income, and $591,409 in an unrealized gain on short-term investments, and $1,265,863 in recovery on exploration and evaluation assets.

Compared to the pervious year, a decrease in net loss was primarily due to a decrease in recovery on exploration and evaluation assets and a decrease in unrealized gain on short-term investments. There were no significant variations in other operating expenses over the comparative years.

General and administrative expenses consist of filing fees, director's 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.

Property Risks

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Canada, Mexico and the United States.

Title Risks

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

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

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

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

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

Competition

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

Dependence on Key Personnel

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

Fluctuating Mineral and Metal Prices

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

Future Financings

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

Price Volatility of Publicly Traded Securities

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

SUMMARY OF QUARTERLY RESULTS

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

Quarter end	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)
30-Sep-17	3,925	13,023	37,039	193,667	0.00
30-Jun-17	343	19,029	59,655	(336,878)	(0.01)
31-Mar-17	2,373	13,027	52,827	(367,946)	(0.00)
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)

Other than the ongoing costs of the business, the net loss for the quarter ended September 30, 2016 was mainly due to an unrealized gain on 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. Increase in cash and cash equivalents for the year ended September 30, 2017 was $228,285. Working capital as at September 30, 2017 was $5,372,996. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

Increase in cash and cash equivalents for the year ended September 30, 2016 was $215,140. Working capital as at September 30, 2016 was $4,070,764.

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	Year ending September 30	Fees ($)	Shares ($)	Amount payable at year end ($)
Arriva Management Inc.	Management and consulting fees (i)	2017 2016	252,000 234,872	4,450 11,250	8,769 Nil
GSBC Financial Management Inc.	Management and consulting fees (i)	2017 2016	184,004 170,004	6,675 11,250	Nil Nil
Dorado Minerals	Consulting fees (i)	2017 2016	Nil 110,171	Nil 5,625	Nil Nil
Ronald Burk	Consulting fees (i)	2017 2016	188,524 15,000	2,225 Nil	7,604 7,604
English Bay Capital	Consulting fees (i)	2017 2016	135,000 102,000	6,675 11,250	12,350 Nil
Michael Doggett*	Director fees	2017 2016	5,000 12,000	Nil Nil	Nil 3,000
William Lee	Director fees	2017 2016	Nil 4,750	Nil Nil	Nil Nil
Brian Groves	Director fees	2017 2016	12,000 12,000	Nil Nil	Nil Nil
James Clare	Director fees	2017 2016	12,000 12,000	Nil Nil	Nil 3,000
Carol Ellis	Director fees	2017 2016	12,000 4,000	Nil Nil	Nil Nil
Walter Henry	Director fees	2017 2016	12,000 4,000	Nil Nil	Nil Nil

*Michael Doggett did not stand for re-election at the Company's AGM on March 2, 2017.

At September 30, 2017, the amount payable to a company controlled by an officer of the Company was $541 (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 year ended September 30, 2017 and 2016 are as follows:

	2017	2016
Directors' fees	$ 53,000	$ 48,750
Management and consulting fees (i)	759,528	632,047
Performance bonus shares	20,025	39,375
Share-based payments	201,882	59,242
	$ 1,038,885	$ 779,414

(i) Management and consulting fees of the key management personnel for the year were allocated as follows: $170,000 (2016 - $157,500) expensed to consulting fees, $20,000 ($2016 - $42,000) expensed to investor relations, $502,058 (2015 - $208,311) capitalized to exploration and evaluation assets, $53,070 (2016 - $655) expensed to property investigation and evaluation, and $14,400 (2016 - $223,581) capitalized to exploration work performed for alliances that will be reimbursed

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 is $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, 2017. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

Exploration and Evaluation Assets

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

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

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

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

Impairment of Long-Lived Assets

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

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

Critical Accounting Estimates, Judgments, and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company's assets, liabilities, expenses, and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS. Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's consolidated financial statements:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Functional currencies

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

Fair value of stock options and warrants

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

Income taxes

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

Share-based payments

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

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

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

Financial instruments

Financial assets

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

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

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in accumulated other comprehensive loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

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

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

Other financial liabilities: This category includes accounts payables and accrued liabilities, which are recognized at amortized cost.

The Company has classified its cash and short-term investments as fair value through profit and loss. The Company's receivables, loans, and exploration bonds are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

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, tentatively effective for annual periods beginning on or after January 1, 2018.

- IFRS 15: New standard that replaces existing revenue requirements IAS 11, IAS 18, IFRIC 13, IFRIC 18 and SIC 31 for measurement, recognition, and disclosure of revenues; 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.

FINANCIAL INSTRUMENTS

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

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

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents are held with major financial institutions in Canada and Mexico which management believes the risk of loss to be remoted. Receivables consist of tax refunds from the Federal Government of Canada and Mexico, in which regular collection occurs, and land tax recovery. 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 September 30, 2017, the Company had a cash and cash equivalents of $3,918,999 to settle current liabilities of $181,576. The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has interest-bearing cash balances. The interest earned on cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. 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 September 30, 2017, the Company had investments in short-term deposit certificates of $1,105,292.

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 profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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, receivables, and accounts payable and accrued liabilities that are denominated in US dollars (US) 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 year by $545,892.

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 share prices would affect short-term investments and profit or loss for the year by approximately $165,794.

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 44,179,313 common shares were issued and outstanding as of the date of this MD&A.

The Company has 3,204,767 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
525,000	$0.65	14-Dec-2017
761,000	$0.27	14-Nov-2019
725,000	$0.15	07-Jan-2021
985,000	$0.42	16-Dec-2021
2,996,000		

SUBSEQUENT EVENTS

On November 3, 2017, the Company granted 760,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at $0.28 per share for a period of five years from the date of grant. There were 230,000 bonus shares issued at the value of $64,400 to certain executive officers and consultants on the same date.

On December 4, 2017, the Company received $50,000 in cash from Silver Viper as per option agreement.

On December 14, 2017, 525,000 stock options, expired unexercised.