

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

June 30, 2016

(Unaudited)

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Notice of non-review of condensed interim consolidated financial statements

The attached condensed interim consolidated financial statements for the nine month period ended June 30, 2016 have not been reviewed by the Company's auditors.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

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

| | Note | June 30, 2016 | September 30, 2015 |
|-----------------------------------|------|------------------|-----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | | \$ 1,462,612 | \$ 1,781,941 |
| Short-term investments | 3 | 2,278,822 | 2,477,289 |
| Taxes receivable | 4 | 231,210 | 195,253 |
| Other receivable | | 2,164 | - |
| Prepaid expenses | 5 | 342,011 | 62,208 |
| | | 4,316,819 | 4,516,691 |
| Deposits and other assets | 6 | 25,525 | 67,616 |
| Equipment | 7 | 79,589 | 108,717 |
| Exploration bonds | 8(g) | - | 65,492 |
| Exploration and evaluation assets | 8 | 2,382,810 | 2,658,240 |
| | | \$ 6,804,743 | \$ 7,416,756 |

Liabilities and Shareholders' Equity

| | | | |
|--|----|--------------|--------------|
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 9 | \$ 665,987 | \$ 445,927 |
| Shareholders' equity: | | | |
| Capital stock | 10 | 20,964,978 | 20,916,978 |
| Reserves | 10 | 2,775,039 | 2,712,413 |
| Deficit | | (16,768,996) | (16,532,828) |
| Accumulated other comprehensive loss | | (832,265) | (125,734) |
| | | 6,138,756 | 6,970,829 |
| | | \$ 6,804,743 | \$ 7,416,756 |

Nature and continuance of operations and basis of presentation (Note 1)

Subsequent events (Note 16)

On behalf of the Board on August 29, 2016:

| | | | |
|----------------------|----------|-----------------------|----------|
| <u>“James Clare”</u> | Director | <u>“Brian Groves”</u> | Director |
| James Clare | | Brian Groves | |

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

| | Note | 3 Months Ended June 30, 2016 | 3 Months Ended June 30, 2015 | 9 Months Ended June 30, 2016 | 9 Months Ended June 30, 2015 |
|---|---------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Expenses | | | | | |
| Consulting fees | | \$ 100,405 | \$ 90,493 | \$ 225,835 | \$ 198,387 |
| Depreciation | 7 | 6,423 | 1,414 | 20,218 | 24,190 |
| Director fees | | 9,750 | 12,000 | 33,750 | 36,000 |
| Filing fees | | 10,873 | 1,224 | 30,111 | 25,739 |
| Foreign exchange (gain) loss | | (586) | (120,024) | 66,533 | (148,082) |
| Investor relations | | 53,609 | 30,881 | 142,038 | 79,334 |
| Office expenses | | 21,391 | 22,924 | 57,822 | 75,168 |
| Payroll and benefits | | 1,873 | 421 | 1,978 | 1,806 |
| Professional fees | | 21,433 | 25,414 | 48,622 | 63,097 |
| Property investigation and evaluation | | (30,607) | 16,458 | (13,342) | 37,915 |
| Rent | | 45,435 | 52,082 | 143,247 | 157,280 |
| Share-based payments | 10 | 18,794 | 31,569 | 62,626 | 107,733 |
| Travel and meals | | 4,837 | 10,182 | 30,853 | 25,462 |
| Finance income | | (3,133) | (25,010) | (19,042) | (59,342) |
| Other expenses (income) | | (150) | 20,424 | (150) | 4,868 |
| Unrealized (gain) loss on short-term investments | | (147,830) | 4,205 | 284,497 | 138,846 |
| Results from operations | | (112,517) | (174,657) | (1,115,596) | (768,401) |
| Recovery on exploration & evaluation assets | 8, 8(b) | - | - | 1,279,428 | - |
| Write-down of exploration & evaluation assets | | - | (496,829) | - | (496,829) |
| Write-down of short-term investments | 3 | - | - | (400,000) | (200,000) |
| | | - | (496,829) | 879,428 | (696,829) |
| Net income (loss) for the period | | (112,517) | (671,486) | (236,168) | (1,465,230) |
| Foreign exchange movements | | (379,817) | (286,824) | (706,531) | (314,345) |
| Comprehensive income (loss) for the period | | (492,334) | (958,310) | (942,699) | (1,779,575) |
| Earnings (loss) per share – basic and diluted | | \$ 0.00 | \$ (0.02) | \$ (0.01) | \$ (0.04) |
| Weighted average number of common shares outstanding | | | | | |
| – basic and diluted | | 37,371,778 | 37,051,778 | 37,300,537 | 37,051,778 |

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Cash Flows for Nine Months Ended June 30,

(Unaudited - Expressed in Canadian Dollars)

| | Note | 2016 | 2015 |
|---|------|--------------|----------------|
| OPERATING ACTIVITIES | | | |
| Net loss for the period | | \$ (236,168) | \$ (1,465,230) |
| Items not involving cash | | | |
| Depreciation | 7 | 20,218 | 24,190 |
| Realized loss on sale of equipment | | - | 9,908 |
| Performance bonus shares | 10 | 11,344 | - |
| Share-based payments | 10 | 62,626 | 107,733 |
| Unrealized loss on short-term investments | | 284,497 | 138,846 |
| Write-down of exploration and evaluation assets | | - | 496,829 |
| Write-down of short-term investments | | 400,000 | 200,000 |
| Change in non-cash working capital items: | | | |
| Prepaid expenses | | (279,803) | (11,715) |
| Taxes receivable | | (35,957) | (63,257) |
| Other receivable | | (2,164) | (9,178) |
| Accounts payable and accrued liabilities | | 254,410 | (164,747) |
| | | 479,003 | (736,621) |
| INVESTING ACTIVITIES | | | |
| Sale (Acquisition) of equipment | | - | 11,000 |
| Deposits and other assets | | 107,583 | 12,713 |
| Exploration and evaluation assets | | (466,290) | 30,269 |
| Short-term investments | | (287,110) | (17,111) |
| | | (645,817) | 36,871 |
| Effect of foreign exchange on cash | | (152,515) | (301,941) |
| Decrease in cash | | (319,329) | (1,001,691) |
| Cash, beginning of the period | | 1,781,941 | 3,360,889 |
| Cash, end of the period | | \$ 1,462,612 | \$ 2,359,198 |

Supplemental disclosures with respect to cash flows (Note 13)

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars)

| | Note | Capital Stock | | Commitment to issue shares | Reserves | Deficit | Accumulated other comprehensive income | Total shareholders' equity |
|--------------------------------------|------|---------------|---------------|----------------------------------|--------------|-----------------|---|----------------------------------|
| | | Shares | Amount | | | | | |
| Balance at September 30, 2014 | | 37,011,778 | \$ 20,902,978 | \$ 14,000 | \$ 2,588,089 | \$ (13,671,076) | \$ 205,172 | \$ 10,039,163 |
| Issued for: | | | | | | | | |
| Performance bonus shares | 10 | 40,000 | 14,000 | (14,000) | - | - | - | - |
| Share-based payments | 10 | - | - | - | 107,733 | - | - | 107,733 |
| Loss for the period | | - | - | - | - | (1,465,230) | - | (1,465,230) |
| Foreign exchange movements | | - | - | - | - | - | (314,345) | (314,345) |
| Balance at June 30, 2015 | | 37,051,778 | 20,916,978 | - | 2,695,822 | (15,136,306) | (109,173) | 8,367,321 |
| 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 | 10 | 320,000 | 48,000 | - | - | - | - | 48,000 |
| Share-based payments | 10 | - | - | - | 62,626 | - | - | 62,626 |
| Loss for the period | | - | - | - | - | (236,168) | - | (236,168) |
| Foreign exchange movements | | - | - | - | - | - | (706,531) | (706,531) |
| Balance at June 30, 2016 | | 37,371,778 | \$ 20,964,978 | \$ - | \$ 2,775,039 | \$ (16,768,996) | \$ (832,265) | \$ 6,138,756 |

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations and basis of presentation

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

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

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

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - *Interim Financial Reporting*. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2015. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended September 30, 2016.

Basis of presentation

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies

Principles of consolidation

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

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

Accounting standards adopted during the period

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

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

New standards and interpretations not yet adopted

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

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

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

3. Short-term investments

Short-term investments, which consist primarily of investments in Guaranteed Investment Certificates, are investments with maturities of three months or more when purchased. Short-term investments also include the marketable securities received as a result of property option agreements. As of June 30, 2016, the fair values of the short-term investments are as follows:

| | June 30, 2016 | September 30, 2015 |
|--|------------------|-----------------------|
| Guaranteed investment certificates | \$ 2,184,243 | \$ 1,897,132 |
| Fair-value-through profit and loss securities ⁽¹⁾ | 94,579 | 580,157 |
| | \$ 2,278,822 | \$ 2,477,289 |

⁽¹⁾ Marketable securities comprise common shares in publicly traded and private companies as follows:

| | June 30, 2016 | | | September 30, 2015 | | |
|---|---------------------|--------------|----------------------|---------------------|--------------|----------------------|
| | Number of shares | Cost | Fair market value | Number of shares | Cost | Fair market value |
| Arcus Development Group Inc. | 29,000 | \$ 11,020 | \$ 1,740 | 29,000 | \$ 11,020 | \$ 580 |
| Guerrero Exploration Inc. | 1,926,000 | 343,049 | - | 1,926,000 | 343,049 | - |
| Mexigold Corp. | 550,877 | 160,667 | 5,509 | 550,877 | 160,667 | 2,754 |
| Sierra Madre Developments Inc. ⁽²⁾ | 12,503,218 | 1,103,791 | - | 12,503,218 | 1,103,791 | - |
| Morro Bay Resources Ltd. | 8,733,001 | 763,030 | 87,330 | 28,841,109 | 1,870,597 | 576,823 |
| | | \$ 2,381,557 | \$ 94,579 | | \$ 3,489,124 | \$ 580,157 |

⁽¹⁾ As at September 30, 2015, the Company held 2,000,000 shares in Croesus Gold Corp., a private company, valued at \$nil as the shares were written off during the year. In December 2015, the Company received an additional 4,000,000 in Croesus Gold Corp. at a deemed price of \$0.10 per share which was written down to \$nil during the first quarter as there is no current market value for these private company shares. As at June 30, 2016, the Company holds a total of 6,000,000 shares in Croesus Gold Corp. with a carrying value of \$nil.

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

4. Taxes receivable

Taxes receivable consists of tax refunds from the Federal Governments of Canada and Mexico. The breakdown is as follows:

| | June 30, 2016 | September 30, 2015 |
|-----------------------|------------------|-----------------------|
| GST refunds in Canada | \$ 45,881 | \$ 29,218 |
| IVA refunds in Mexico | 185,329 | 166,035 |
| | \$ 231,210 | \$ 195,253 |

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

5. Prepaid expenses

The breakdown of prepaid expenses is as follows:

| | June 30, 2016 | September 30, 2015 |
|--------------------------------|------------------|-----------------------|
| Claim maintenance | \$ 280,864 | \$ - |
| Conferences and courses | 19,695 | 19,931 |
| Expense advances and retainers | 14,093 | 19,684 |
| Insurance | 25,572 | 20,889 |
| Rent | 1,787 | 1,704 |
| | \$ 342,011 | \$ 62,208 |

6. Deposits and other assets

Deposits and other assets consist of long-term rent deposit and claim maintenance fees that are incurred on an annual basis in regards to the Company's Sugarloaf Peak Property in the United States. The breakdown is as follows:

| | June 30, 2016 | September 30, 2015 |
|-------------------|------------------|-----------------------|
| Claim maintenance | \$ - | \$ 42,091 |
| Deposits | 25,525 | 25,525 |
| | \$ 25,525 | \$ 67,616 |

7. 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 |
| Additions | - | - | - | - | - |
| Foreign exchange movement | (1,741) | (14,447) | (2,912) | (12,127) | (31,227) |
| Balance at June 30, 2016 | \$ 82,661 | \$ 129,049 | \$ 35,125 | \$ 95,738 | \$ 342,573 |
| Accumulated depreciation | | | | | |
| Balance at September 30, 2015 | \$ (78,677) | \$ (84,725) | \$ (22,539) | \$ (79,142) | \$ (265,083) |
| Depreciation | (1,910) | (8,448) | (2,459) | (7,401) | (20,218) |
| Foreign exchange movement | 1,603 | 9,495 | 1,803 | 9,416 | 22,317 |
| Balance at June 30, 2016 | \$ (78,984) | \$ (83,678) | \$ (23,195) | \$ (77,127) | \$ (262,984) |
| Net book value | | | | | |
| Balance at September 30, 2015 | \$ 5,725 | \$ 58,771 | \$ 15,498 | \$ 28,723 | \$ 108,717 |
| Balance at June 30, 2016 | \$ 3,677 | \$ 45,371 | \$ 11,930 | \$ 18,611 | \$ 79,589 |

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets

For the period ended June 30, 2016

| | Penoles Mexico | Sugarloaf Peak USA | Tajitos Mexico | Clemente Mexico | La Silla Mexico | Glor Mexico | Flute Canada | Lennac Canada | Total |
|---|-------------------|-----------------------|-------------------|--------------------|--------------------|----------------|-----------------|------------------|--------------|
| Acquisition costs | \$ 57,147 | \$ 22,090 | \$ - | \$ 5,642 | \$ 27,824 | \$ - | \$ - | \$ - | \$ 112,703 |
| Exploration costs: | | | | | | | | | |
| Assaying | - | - | - | - | 4,281 | - | - | - | 4,281 |
| Data acquisition | - | - | - | - | 600 | - | - | - | 600 |
| Depreciation | - | - | - | - | - | - | - | - | - |
| Field & camp costs | 904 | - | 9,229 | - | 87 | 376 | - | - | 10,596 |
| Geological consulting | 94,616 | - | 123,360 | 2,700 | 36,855 | 14,100 | - | - | 271,631 |
| Road construction | - | - | - | - | - | - | - | - | - |
| Surveys & geophysics | - | - | - | - | - | - | - | - | - |
| Trenching & sampling | - | - | - | - | - | - | - | - | - |
| Transport & support | 8,106 | - | 12,673 | 295 | 11,392 | 2,712 | - | - | 35,178 |
| Total current exploration costs | 103,626 | - | 145,262 | 2,995 | 53,215 | 17,188 | - | - | 322,286 |
| Professional & other fees: | | | | | | | | | |
| Professional consulting | 139 | 12,567 | - | - | 5,000 | - | - | - | 17,706 |
| Legal fees | 13,071 | - | 17,905 | - | - | - | - | - | 30,976 |
| Others | 275 | - | 383 | - | 868 | 401 | - | - | 1,927 |
| Total current professional & other fees | 13,485 | 12,567 | 18,288 | - | 5,868 | 401 | - | - | 50,609 |
| Total costs incurred during the period | 174,258 | 34,657 | 163,550 | 8,637 | 86,907 | 17,589 | - | - | 485,598 |
| Balance, Opening | 200,550 | 382,344 | 1,562,615 | 509,749 | - | - | 2,825 | 157 | 2,658,240 |
| Asset write-off | - | - | - | - | - | - | - | - | - |
| Recoveries | 201,081 | (417,001) | - | - | - | - | - | - | (215,920) |
| Foreign exchange movements | (381,573) | - | (136,387) | (25,941) | (1,207) | - | - | - | (545,108) |
| Balance, End of the period | \$ 194,316 | \$ - | \$ 1,589,778 | \$ 492,445 | \$ 85,700 | \$ 17,589 | \$ 2,825 | \$ 157 | \$ 2,382,810 |
| Cumulative costs: | | | | | | | | | |
| Acquisition | \$ 3,220,099 | \$ 554,770 | \$ 751,235 | \$ 96,277 | \$ 27,824 | \$ - | \$ - | \$ - | \$ 4,762,287 |
| Exploration | 1,032,146 | 1,053,196 | 801,861 | 331,952 | 53,215 | 17,188 | 700 | 157 | 3,625,527 |
| Professional & other fees | 491,106 | 200,453 | 184,156 | 104,243 | 5,868 | 401 | 2,125 | - | 1,043,540 |
| Asset write-off | - | - | - | - | - | - | - | - | (479,062) |
| Recoveries | (4,117,956) | (1,808,419) | - | (8,057) | - | - | - | - | (5,959,088) |
| Foreign exchange movements | (431,079) | - | (147,474) | (31,970) | (1,207) | - | - | - | (610,394) |
| | \$ 194,316 | \$ - | \$ 1,589,778 | \$ 492,445 | \$ 85,700 | \$ 17,589 | \$ 2,825 | \$ 157 | \$ 2,382,810 |

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd...)

For the year ended September 30, 2015

| | Penoles Mexico | Sugarloaf Peak USA | Tajitos Mexico | Clemente Mexico | Coatan Mexico | Sierra Salada Mexico | Flute Canada | Lennac Canada | Total |
|---|-------------------|-----------------------|-------------------|--------------------|------------------|-------------------------|-----------------|------------------|--------------|
| Acquisition costs | \$ 82,565 | \$ 38,788 | \$ 44,921 | \$ 7,139 | \$ - | \$ 9,144 | \$ - | \$ - | \$ 182,557 |
| Exploration costs: | | | | | | | | | |
| Assaying | - | - | 6,931 | - | - | - | - | - | 6,931 |
| Data acquisition | - | - | 1,676 | - | - | - | - | - | 1,676 |
| Field & camp costs | 4,065 | 70 | 10,661 | 645 | - | 3,202 | - | - | 18,643 |
| Geological consulting | 25,529 | - | 59,850 | 9,279 | - | 6,135 | - | - | 100,793 |
| Transport & support | 8,441 | 1,124 | 19,624 | 2,155 | - | 1,320 | - | - | 32,664 |
| Total current exploration costs | 38,035 | 1,194 | 98,742 | 12,079 | - | 10,657 | - | - | 160,707 |
| Professional & other fees: | | | | | | | | | |
| Professional consulting | 31,259 | 10,334 | 8,667 | - | - | - | - | - | 50,260 |
| Legal fees | 16,300 | 18,126 | 22,519 | 6,668 | - | - | - | - | 63,613 |
| Others | 1,796 | 13,460 | 8,394 | - | - | - | - | - | 23,650 |
| Total current professional & other fees | 49,355 | 41,920 | 39,580 | 6,668 | - | - | - | - | 137,523 |
| Total costs incurred during the period | 169,955 | 81,902 | 183,243 | 25,886 | - | 19,801 | - | - | 480,787 |
| Balance, Opening | 1,009,186 | 550,442 | 1,438,625 | 495,559 | 153,884 | 324,318 | 2,825 | 157 | 3,974,996 |
| Asset write-off | - | - | - | - | (147,087) | (331,975) | - | - | (479,062) |
| Recoveries | (805,120) | (250,000) | - | - | - | - | - | - | (1,055,120) |
| Foreign exchange movements | (173,471) | - | (59,253) | (11,696) | (6,797) | (12,144) | - | - | (263,361) |
| Balance, End of the period | \$ 200,550 | \$ 382,344 | \$ 1,562,615 | \$ 509,749 | \$ - | \$ - | \$ 2,825 | \$ 157 | \$ 2,658,240 |
| Cumulative costs: | | | | | | | | | |
| Acquisition | \$ 3,162,952 | \$ 532,680 | \$ 751,235 | \$ 90,635 | \$ 55,394 | \$ 56,688 | \$ - | \$ - | \$ 4,649,584 |
| Exploration | 928,520 | 1,053,196 | 656,599 | 328,957 | 88,844 | 246,268 | 700 | 157 | 3,303,241 |
| Professional & other fees | 477,621 | 187,886 | 165,868 | 104,243 | 24,608 | 30,580 | 2,125 | - | 992,931 |
| Asset write-off | - | - | - | - | (147,087) | (331,975) | - | - | (479,062) |
| Recoveries | (4,319,037) | (1,391,418) | - | (8,057) | (24,656) | - | - | - | (5,743,168) |
| Foreign exchange movements | (49,506) | - | (11,087) | (6,029) | 2,897 | (1,561) | - | - | (65,286) |
| | \$ 200,550 | \$ 382,344 | \$ 1,562,615 | \$ 509,749 | \$ - | \$ - | \$ 2,825 | \$ 157 | \$ 2,658,240 |

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd...)

The terms and commitments of the Company with respect to its exploration and evaluation assets are subject to change if and when the Company and its partners mutually agree to new terms and conditions. Activities that occurred during the nine month period ended June 30, 2016 and subsequent thereto are as follows:

(a) Peñoles, Durango, Mexico

The Company owns 100% of the Peñoles Property subject to a 2% NSR, which can be reduced to 1.5% by making a one-time payment of US\$500,000 to the underlying concession holder on or before January 31, 2016 which has expired as of the date of this report.

Morro Bay Resources Ltd. ("Morro Bay") completed a transaction whereby it acquired from Sierra Madre Developments Inc. ("Sierra Madre") an option to earn an initial 51% and up to 65% interest in the Company's Peñoles Project.

At the close of the transaction, during the year ended September 30, 2014, between Morro Bay and Sierra Madre, the Company received cash payments of \$8,542 from Sierra Madre and \$82,957 from Morro Bay, as well as 3,705,974 Morro Bay common shares with a fair value of \$0.10 and 1,852,987 Morro Bay warrants with a fair value of \$nil, each exercisable into one common share at a price of \$0.25 until their expiry on the first anniversary of the date of their issuance. Furthermore, Morro Bay reimbursed the Company \$55,175 for taxes on mining concessions resulting in total recoveries of \$517,271.

On January 15, 2015, the Company amended the option agreement with Morro Bay, whereby Morro Bay is required to complete the following in order to earn a 51% interest in the Peñoles Project:

- i. Incur \$750,000 in exploration expenditures by March 31, 2014 (incurred);
- ii. Issue \$750,000 in Morro Bay shares (or cash at Morro Bay's election) by July 15, 2014 (received shares);
- iii. Incur an additional \$500,000 in exploration expenditures by October 31, 2014 (incurred); and
- iv. Pay to the Company \$750,000 in cash by March 31, 2015 or issue \$750,000 in Morro Bay shares at Morro Bay's election if the market value of the common shares on that date is \$0.05 or greater (received shares).

As part of the amendment, the US\$1,250,000 and \$100,000 cash payments previously required to be paid by December 31, 2014 will now be applied as a credit for Riverside towards initial joint venture expenditures upon exercise of the initial option. Morro Bay has an additional option to acquire an additional 14% interest in the property by paying \$30,000 by the first anniversary of the initial option exercise date, incurring an extra \$5,000,000 in exploration expenditures and paying an additional \$750,000 in cash and/or Morro Bay shares at Morro Bay's election subject to certain conditions by the second anniversary of the initial option exercise date.

On May 1, 2015, Morro Bay elected to exercise the option for 51% of the Penoles Project. Morro Bay's final payment of \$750,000 was received by way of 15,000,000 Morro Bay shares.

Per the terms of the option agreement, as of May 1, 2016 Morro Bay has 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 issued to the Company under the amended option agreement, being a total of 20,108,108 Morro Bay shares.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd...)

(b) Sugarloaf Peak, Arizona, USA

The Company owned 100% of the Sugarloaf Peak Property subject to a 1.5% NSR. On December 17, 2014, the Company entered into an option agreement with Croesus Gold Corp. ("Croesus Gold", formerly known as Winnemucca Gold Corp.) whereby Croesus Gold can acquire 100% interest in the Sugarloaf Peak Property by completing the following:

- i. Incurring \$5,000,000 of cumulative exploration expenditures on the property as follows:
 - \$500,000 on or before December 17, 2015 (amended);
 - \$2,000,000 (cumulative) on or before December 17, 2016; and
 - \$5,000,000 (cumulative) on or before December 17, 2017.
- ii. Payment of cash and issuance Croesus Gold shares over a four-year period which was amended on December 18, 2015 as follows:
 - \$400,000 and 4,000,000 common shares on December 18, 2015 (received cash and shares);
 - An additional \$50,000 on or before June 18, 2016;
 - An additional \$50,000 on or before December 18, 2016;
 - An additional 500,000 common shares if Croesus has not completed all required cash payments on or prior to December 18, 2016;
 - An additional \$100,000 on or before June 18, 2017; and
 - An additional \$100,000 on or before December 18, 2017.

Before the December 18, 2015 amendment, the Company received the following cash and shares to date:

- \$25,000 and 1,000,000 common shares on or before October 12, 2014 (received cash and shares);
- An additional 25,000 and 1,000,000 common shares on or before December 17, 2014 (received cash and shares);

During the three months ended December 31, 2015, the Company received \$400,000 cash and 4,000,000 common shares valued at \$400,000 as part of the amended option agreement.

In March 2016, the terms of the option agreement were amended further to allow for an early one-time cash payment of \$250,000 plus \$42,000 to reimburse Riverside for pre-paid claim fees for a total of \$292,000 (received). As a result, Croesus earned an undivided 100% interest in the property with the Company retaining a 2% NSR.

A total of \$1,092,000 was recovered on the property during the nine months ended June 30, 2016, of which \$417,001 was recorded against the property to reducing the carrying value to \$nil, and the remainder recorded to recovery on exploration and evaluation asset in the statement of operations and comprehensive loss.

(c) Clemente, Sonora, Mexico

The Company has a 100% interest in Clemente property.

(d) La Silla, Sinaloa, Mexico

In October 2015, the Company acquired two large mining concessions in the La Silla district through a lottery process.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd...)

(e) Tajitos, Sonora, Mexico

On October 14, 2015, the Company entered into an option agreement with Centerra Exploration B.V. ("Centerra") whereby Centerra could acquire a 70% interest in the Company's Tajitos Project. In order to exercise the option, Centerra needed to incur USD \$6,000,000 in aggregate exploration expenditures within approximately four years of signing the agreement. The Company will act as the Project Manager and collect management fees until the earlier of December 31, 2017 or \$2,000,000 in exploration expenditures have been completed.

On June 2, 2016, Centerra terminated the option agreement with the Company and the Company has a 100% interest in Tajitos property.

(f) Antofagasta Exploration Alliance, British Columbia, Canada

Flute and Lennac Projects

On July 6, 2011, the Company entered into a three-year Strategic Exploration Alliance with Antofagasta Minerals S.A. ("AMSA") for generative exploration throughout the primary copper belts of British Columbia, Canada. The generative exploration alliance reached the end of its term on June 30, 2014. AMSA informed the Company it would not be pursuing two of the designated properties subject to the exploration alliance and as a result the Company assumed the interest in the Flute and Lennac Project. No acquisition costs were capitalized as they were paid through the exploration alliance before the Company assumed the interest.

Swift Katie Project

In February 2014, the Swift Katie Project was identified and acquired. AMSA funded the project to advance it, and a reclamation bond of \$13,000 was required by the British Columbia Ministry of Energy, Mines and Petroleum Resources, which along with the previous reclamation bonds of \$52,492 has been included as exploration bonds on the statement of financial position as at September 30, 2015. On December 17, 2014, AMSA informed the Company it would not be retaining any interest in the Swift Katie designated property and as a result the Company terminated the option with its underlying concession holder immediately with no further obligation with respect to the Swift Katie designated property.

During the nine months ended June 30, 2016, the \$65,492 in reclamation bonds were released from the British Columbia Ministry of Energy, Mines and Petroleum Resources upon completion of the required reclamation on the property.

(g) Hochschild Exploration Alliance, Sonora, Mexico

Glor Project

On April 9, 2013, the Company entered into a three-year strategic exploration alliance with Hochschild Mining Holding Limited ("Hochschild") for generative exploration throughout the Mega-shear Gold Belt in western Sonora, Mexico. Hochschild agreed to fund US\$750,000 on an annual basis for a total of US\$2,250,000 over three years. Once a project was identified, Hochschild would be entitled to earn a 65% interest through an Earn-In Agreement by completing a four year, US\$5,000,000 work program. In April 2016, the exploration alliance reached the end of its term and expired.

RIVERSIDE RESOURCES INC.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd...)

(g) Hochschild Exploration Alliance, Sonora, Mexico (cont'd...)

Glor Project

On September 25, 2014, as part of the Hochschild Alliance, the Company signed an option agreement with Argonaut Gold Inc. ("Argonaut") to acquire 100% interest in the Glor Project subject to a 1.0% NSR to Argonaut by paying \$100,000 in cash and \$62,500 in cash or shares at the Company's election, and incurring \$2,500,000 in exploration expenditures over a five-year period. The Company can purchase 50% of NSR, being 0.5% NSR, from Argonaut at any time by paying \$1,250,000. Subject to the completion of the Alliance in April 2016, the Company assumed the option agreement with Argonaut on the Glor Project. No acquisition costs are capitalized as they were paid through the exploration alliance before the Company assumed the interest.

Subsequent to the quarter end, 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 within four years of signing the agreement.

(h) Antofagasta Exploration Alliance, Sonora, Mexico

On July 18, 2013, the Company entered into a three-year strategic exploration alliance with Antofagasta Investment Company Limited ("AICL") for generative exploration in the major copper belt of northwestern Mexico in the eastern part of the state of Sonora. AICL agreed to contribute US\$600,000 on an annual basis for three years, for a total of US\$1,800,000, of generative grass-roots exploration within a defined exploration area covering eastern Sonora and parts of western Chihuahua and northern Sinaloa. Once a project was identified, AICL could choose to earn a 65% interest in the project, after initially being entitled to own a 51% interest in the project, by completing a four year, US\$5,000,000 work program.

Effective July 18, 2016, generative exploration alliance agreement was amended and reallocated the remaining funding for generative exploration to the Thor Project.

Thor Project

Thor is a porphyry copper project, located in Sonora, Mexico. In April 2015, the Thor Project became a designated project and AICL agreed to fund up to US \$500,000 for a phase I exploration program on the project.

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.

9. Accounts payable and accrued liabilities

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

| | June 30, 2016 | September 30, 2015 |
|----------------------|------------------|-----------------------|
| Payables to vendors | \$ 47,101 | \$ 116,096 |
| Exploration advances | 618,886 | 329,831 |
| | \$ 665,987 | \$ 445,927 |

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

10. 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

On November 30, 2015, the Company issued 320,000 bonus shares at a value of \$48,000 to certain officers and consultants of the company in accordance with the Company's shareholder approved bonus share plan.

On October 22, 2014, the Company issued 40,000 bonus shares at a value of \$14,000 to an executive officer as a performance bonus declared in fiscal year 2014.

Share purchase and agents warrants

As at June 30, 2016, the Company had no warrants outstanding (September 30, 2015 – nil).

Stock options

On January 7, 2016, the Company granted 955,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at \$0.145 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.

Share-based payments relating to options vested during the period ended June 30, 2016 using the Black-Scholes option pricing model was \$62,626 (2015 - \$107,733), which was recorded as reserves on the statements of financial position and as share-based payment expense on the statement of operations. The associated share-based payment expense for the options granted during the period was calculated based on the following weighted average assumptions:

| | 2015 | 2016 |
|---------------------------------|------------|------------|
| Forfeiture rate | 2.30 % | 8.38 % |
| Estimated risk-free rate | 1.53 % | 0.66 % |
| Expected volatility | 53.74 % | 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 | \$ 0.13 | \$ 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, 2014 | 2,352,500 | \$ 0.550 |
| Cancelled/Terminated | (297,500) | \$ 0.555 |
| Granted | 1,087,000 | \$ 0.270 |
| Outstanding options, September 30, 2015 | 3,142,000 | \$ 0.453 |
| Expired | (860,000) | \$ 0.500 |
| Cancelled/Terminated | (290,000) | \$ 0.360 |
| Granted | 955,000 | \$ 0.145 |
| Outstanding options, June 30, 2016 | 2,947,000 | \$ 0.350 |

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

10. Capital stock and reserves (continued)

As at June 30, 2016, the Company has outstanding stock options exercisable as follows:

| Expiry date (mm/dd/yyyy) | Number of options outstanding | Weighted average remaining life in years | Exercise price | Number of options exercisable |
|-----------------------------|-------------------------------------|--|-------------------|-------------------------------------|
| 09/08/2016 | 530,000 | 0.19 | \$ 0.500 | 530,000 |
| 12/14/2017 | 575,000 | 1.46 | \$ 0.650 | 575,000 |
| 11/14/2019 | 962,000 | 3.38 | \$ 0.270 | 962,000 |
| 01/07/2021 | 880,000 | 4.53 | \$ 0.145 | 145,000 |
| | 2,947,000 | 2.77 | | 2,212,000 |

11. Related party transactions

The Company entered into the following transactions with related parties:

| Payee | Nature of transactions | Period ending June 30 | Fees (\$) | Shares (\$) | Amount payable (\$) |
|-----------------------------------|---------------------------------------|--------------------------|--------------|----------------|------------------------|
| Arriva Management Inc. | Management and consulting fees (i) | 2016 | 187,472 | 11,250 | 06/30/2016: nil |
| | | 2015 | 111,620 | nil | 09/30/2015: nil |
| GSBC Financial Management Inc. | Management and consulting fees (i) | 2016 | 127,503 | 11,250 | 06/30/2016: nil |
| | | 2015 | 128,047 | 14,000 | 09/30/2015: nil |
| Dorado Minerals | Consulting fees (i) | 2016 | 110,171 | 5,625 | 06/30/2016: nil |
| | | 2015 | 112,500 | nil | 09/30/2015: nil |
| English Bay Capital | Consulting fees | 2016 | 76,500 | 11,250 | 06/30/2016: nil |
| | | 2015 | 25,500 | nil | 09/30/2015: nil |
| Michael Doggett | Director fees | 2016 | 9,000 | nil | 06/30/2016: 2,293 |
| | | 2015 | 9,000 | nil | 09/30/2015: nil |
| William Lee | Director fees | 2016 | 4,750 | nil | 06/30/2016: 3,890 |
| | | 2015 | 9,000 | nil | 09/30/2015: 1,521 |
| Brian Groves | Director fees | 2016 | 9,000 | nil | 06/30/2016: 2,293 |
| | | 2015 | 9,000 | nil | 09/30/2015: nil |
| James Clare | Director fees | 2016 | 9,000 | nil | 06/30/2016: 2,293 |
| | | 2015 | 9,000 | nil | 09/30/2015: nil |
| Carol Ellis | Director fees | 2016 | 1,000 | nil | 06/30/2016: 793 |
| | | 2015 | nil | nil | 09/30/2015: nil |
| Walter Henry | Director fees | 2016 | 1,000 | nil | 06/30/2016: 793 |
| | | 2015 | nil | nil | 09/30/2015: nil |

At June 30, 2016, the amount payable to a company controlled by an officer was \$nil (September 30, 2015 - \$9,616) for expense reimbursements.

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

11. 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 nine months ended June 30, 2016 and 2015 is as follows:

| | 2016 | 2015 |
|------------------------------------|-------------------|-------------------|
| Directors fees | \$ 33,750 | \$ 36,000 |
| Management and consulting fees (i) | 501,646 | 377,667 |
| Performance bonus shares | 39,375 | 14,000 |
| Share-based payments (ii) | 36,239 | 81,027 |
| | <u>\$ 611,010</u> | <u>\$ 508,694</u> |

(i) Management and consulting fees of key management personnel for the period were allocated as follows: \$117,000 (2015 - \$99,000) expensed to consulting fees, \$147,160 (2015 - \$26,066) capitalized to exploration and evaluation assets, \$655 (2015 - \$nil) expensed to property investigation, \$29,000 (2015 - \$nil) expensed to investor relations and \$207,831 (2015 - \$252,601) capitalized to exploration work performed for alliances that will be reimbursed.

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

12. Segmented information

The Company operates in one business segment, the exploration of exploration and evaluation assets. 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.

| | June 30, 2016 | September 30, 2015 |
|-----------------------------------|---------------------|-----------------------|
| Equipment | | |
| Canada | \$ 15,697 | \$ 19,634 |
| Mexico | 63,892 | 89,083 |
| | <u>79,589</u> | <u>108,717</u> |
| Exploration and evaluation assets | | |
| Canada | 2,982 | 2,982 |
| Mexico | 2,379,828 | 2,272,914 |
| USA | - | 382,344 |
| | <u>2,382,810</u> | <u>2,658,240</u> |
| Total | <u>\$ 2,462,399</u> | <u>\$ 2,766,957</u> |

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

13. Supplemental disclosure with respect to cash flows

| For the nine months ended June 30, | 2016 | 2015 |
|--|------|------|
| Cash paid during the period for income taxes | \$ - | \$ - |
| Cash paid during the period for interest | \$ - | \$ - |

The significant non-cash transactions for the nine months ended June 30, 2016 were as follows:

- 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 were expensed to consulting fees, and \$36,656 were capitalized to exploration and evaluation assets.
- The Company received 4,000,000 Croesus Gold shares valued at \$400,000 as exploration and evaluation asset recoveries (Note 8(b)).
- The Company returned 20,108,108 Morro Bay shares upon termination of Penoles option agreement (Note 8(a)).
- Included in accounts payable was \$nil (September 30, 2015 - \$34,349) in exploration and evaluation asset expenditures.

The significant non-cash transactions for the nine months ended June 30, 2015 were as follows:

- Transfer from commitment to issue shares to share capital as a result of the Company issuing 40,000 common shares at a value of \$14,000 to an executive officer as a performance bonus for 2014. Of which, \$3,500 were expensed to consulting fees in the statement of operations, \$3,500 were capitalized to exploration and evaluation assets, and \$7,000 were capitalized to exploration work performed for alliance that was reimbursed during the year ended September 30, 2014.
- The Company received 15,000,000 Morro Bay shares at \$750,000 as exploration and evaluation asset recoveries (Note 8(a)).
- The Company received 2,000,000 Croesus Gold shares valued at \$200,000 as exploration and evaluation asset recoveries (Note 8(b)).
- Included in accounts payable was \$9,932 (September 30, 2014 - \$47,253) in exploration and evaluation asset expenditures.
- The Company recorded a write-down of exploration and evaluation assets in the amount of \$496,829.

14. 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.

RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

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

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Taxes receivable consists of tax refunds from the Federal Governments of Canada and Mexico. The Company believes its credit risk is equal to the amounts 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 June 30, 2016, the Company had a cash balance of \$1,462,612 (September 30, 2015 - \$1,781,941) and short-term investments of \$2,278,822 (September 30, 2015 - \$2,477,289) to settle current liabilities of \$665,987 (September 30, 2015 - \$445,927). The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments 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 June 30, 2016, the Company had investments in short-term deposit certificates of \$2,184,243 (September 30, 2015 - \$1,897,132).

Price risk

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

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

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Notes to the Condensed Interim Consolidated Financial Statements for the Nine Months Ended June 30, 2016

(Unaudited - Expressed in Canadian Dollars)

15. Financial instruments (cont'd...)

Foreign currency risk

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

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso. A simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately \$314,145.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 10% fluctuation in the share price would affect short-term investments and loss for the period by approximately \$9,460.

16. Subsequent Events

On July 5, 2016, 38,000 stock options were exercised for gross proceeds of \$10,260.

On August 13, 2016, 180,000 stock options were cancelled.

**RIVERSIDE RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED JUNE 30, 2016**

INTRODUCTION

The management's discussion and analysis of 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 nine months ended June 30, 2016. In order to better understand the MD&A it should be read in conjunction with the unaudited financial statements and related notes for the nine months ended June 30, 2016 and the audited financial statements and related notes for the year ended September 30, 2015. 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 August 29, 2016 and in Canadian dollars unless otherwise stated.

Additional information relating to the Company, including its Information Circular for the financial year ended September 30, 2015, is available under the Company's profile on SEDAR at www.sedar.com.

Forward-Looking Statements

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

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

CORPORATE OVERVIEW

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

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

SHARE CAPITAL

As at June 30, 2016, the Company had \$20,964,978 in share capital and 37,371,778 common shares outstanding.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the period 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) 860,000 options expired unexercised.
- (c) 290,000 options were forfeited.
- (d) 955,000 options were granted, exercisable at a price of \$0.145 per common share for a period of 5 years.
- (e) Subsequent to the quarter-end, 38,000 options were exercised for gross proceeds of \$10,260, and 180,000 options were forfeited.

Warrants

There was no share purchase warrant activity for the period.

OPERATIONS

Mexico

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

Tajitos Gold Project, Sonora, Mexico

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

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

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

- T16-008D, 1.50 metres @ 6.03 g/t gold starting at 42.00 metres depth;

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

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

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

Peñoles Project, Durango, Mexico

On January 15, 2015, and March 31, 2015, the Company extended the option agreement exercise date with Morro Bay Resources Ltd. (“Morro Bay”) from December 31, 2014 to March 31, 2015 and subsequently to May 1, 2015. The final payment of \$750,000 (payable in cash or shares at Morro Bay’s election provided Morro Bay shares are valued at \$0.05 or greater) was also extended to May 1, 2015. On May 5, 2015, the Company announced that Morro Bay exercised the option by making the final payment of 15,000,000 common shares of Morro Bay. As a result, Riverside had ownership and control over 28,841,109 common shares of Morro Bay.

The US\$1,250,000 and CAD\$100,000 cash payments previously required to be paid by December 31, 2014 were applied as a credit for Riverside towards initial joint venture expenditures under the joint venture. Morro Bay was required to incur a minimum of \$750,000 in joint venture expenditures for each of the first three years of the Joint Venture. Morro Bay failed to meet the minimum required joint venture expenditures and the Company issued a default notice as announced on June 7, 2016. On June 30, 2016, the Company announced that it had returned 80% of the common shares issued by Morro Bay to Riverside and exercised its right to take back 100% ownership in the Project. As a result, Riverside holds 8,733,001 common shares of Morro Bay, which represented approximately 9.5% of Morro Bay’s issued and outstanding shares at the time of the announcement.

The Company’s management team had already completed numerous amendments with Morro Bay and felt this course of action was in the Company’s best interest to ensure that the asset could be advanced and explored by the Company or funded through a new partnership.

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

Glor Gold Project

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

the project, and will continue as the project manager for at least the first two years of the agreement with Minera Centerra. A brief summary of the project and previous disclosures are available on the Company's website.

Clemente Silver - Gold Project

The Company's Clemente project is an early stage exploration property located in Sonora, Mexico. The Company did not complete material work on the Project during the quarter. A brief summary of the project and previous disclosures are available on the Company's website.

La Silla Gold - Silver Project

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

Antofagasta Exploration Alliance, Sonora, Mexico

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

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

USA

Sugarloaf Peak Project, Arizona, USA

The Sugarloaf Peak Project ("Sugarloaf") has the potential to host a large, low-grade, bulk-tonnage gold deposit with additional porphyry copper-gold targets discovered during previous partner funded exploration.

In March 2016, the Company completed the sale of the Sugarloaf Project to Croesus Gold Corp. As a result, Croesus earned an undivided 100% interest in the property with the Company receiving 6,000,000 Croesus common shares, \$700,000 in cash and retaining a 2% NSR.

For additional information on the agreement and the Sugarloaf Peak Project please visit the Company's website and SEDAR filings.

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

CORPORATE

On February 19, 2016, Mr. William Lee resigned as a Director of the Company. On June 2, 2016, Ms. Carol Ellis and Mr. Walter Henry were appointed to the Company's Board of Directors.

Carol Ellis consults on mining, exploration and venture strategy and is based in Vancouver. Ms. Ellis has diverse experience in the junior resource sector, recently as an investment banker with a full service dealer headquartered in Vancouver, and previously as a manager with the TSX Venture Exchange, a mining analyst with a boutique investment company and as vice-president investor relations with a junior resource company. She started her career as a geologist with the federal government in Yellowknife, NWT, promoting mineral exploration in Canada's north. She holds a B.Sc. in Geological Sciences; an MBA from Queen's University and is a Professional Geoscientist. Ms. Ellis is a past Director of AME BC.

Walter is currently President of Frontline Gold Corporation, holds a BA in Political Science/Economics, and has several years' experience in the finance and mining industries. He served with CIBC, BNP Paribas, and PriceWaterhouseCoopers where he managed portfolios and arranged project financing totaling over \$1 billion. Since 2003, he has since held executive positions with Tiberon Minerals, Royal Nickel Corporation, Alturas Minerals, and Satori Resources Inc. He currently holds various Chairman, Audit Committee Chairman and Director roles, in the following companies: Alexandria Minerals Corporation, Alturas Minerals Corp., Merrex Gold Corp, and Platinex Inc. Mr. Henry has completed the requirements of the CFA program and Institute of Corporate Directors - Director Education Program.

On May 13, 2016, Dr. Greg Myers resigned as Vice President of Exploration to pursue other interests.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Three-month period ended June 30, 2016

The Company incurred a net loss of \$112,517, resulting in a loss per share of \$0.00. The loss was attributable to operating expenses of \$264,216 before considering the effect of the foreign exchange gain of \$586, an unrealized gain on short-term investments of \$147,830, finance income of \$3,133, and other income of \$150.

Nine-month period ended June 30, 2016

The Company incurred a net loss of \$236,168, resulting in a loss per share of \$0.01. The loss was attributable to operating expenses of \$783,758 before considering the effect of the foreign exchange loss of \$66,533, an unrealized loss on short-term investments of \$284,497, and a write-down of short-term investments of \$400,000, which were offset by recovery on exploration and evaluation assets of \$1,279,428, finance income of \$19,042, and other income of \$150.

Three-month period ended June 30, 2015

The Company incurred a net loss of \$671,486, resulting in a loss per share of \$0.02. The loss was attributable to operating expenses of \$295,062 before considering an unrealized loss on short-term investments of \$4,205, a write-down of exploration and evaluation assets of \$496,829, and other expenses of \$20,424, which were offset by finance income of \$25,010 and the foreign exchange gain of \$120,024.

Nine-month period ended June 30, 2015

The Company incurred a net loss of \$1,465,230, resulting in a loss per share of \$0.04. The loss was attributable to operating expenses of \$832,111 before considering an unrealized loss on short-term investments of \$138,846, a write-down of exploration and evaluation assets of \$496,829, a write-down of short-term investments of \$200,000, and other expenses of \$4,868, which were offset by finance income of \$59,342 and the foreign exchange gain of \$148,082.

Exploration

The Company capitalizes all exploration costs relating to its resource interests whereas pre-exploration costs are expensed as incurred. During the period ended June 30, 2016, the Company recorded \$485,598 in acquisition and exploration of its properties as follows:

- US
 - Sugarloaf Peak \$ 34,657
- Mexico
 - Penoles \$ 174,258
 - Tajitos \$ 163,550
 - Clemente \$ 8,637
 - La Silla \$ 86,907
 - Glor \$ 17,589

Upon termination of Penoles option agreement with Morro Bay, the Company returned 20,108,108 Morro Bay shares to Morro Bay, valued at \$201,081.

During the period ended June 30, 2015, the Company recorded \$52,674 in acquisition and exploration of its properties as follows:

- US
 - Sugarloaf Peak \$ 459
- Mexico
 - Penoles \$ 36,200
 - Tajitos \$ 13,999
 - Clemente \$ 2,016

The Company recovered \$805,120 of the acquisition and exploration expenditures through option and alliance agreements with partners on various properties during the period ended June 30, 2015 which reduced the cumulative exploration costs. In addition, \$496,829 was written-off to operations in regards to the Coatan and Sierra Salada properties.

Full particulars of the deferred exploration costs are shown in Note 8 to the Financial Statements.

Recoveries and Other Income

During the period ended June 30, 2016, the Company received \$692,000 cash and 4,000,000 Croesus Gold Corp. shares valued at \$400,000 with respect to the option agreement on the Sugarloaf Peak Property. Of the total \$1,092,000 recovered, \$417,001 was offset against the carrying value of the property bringing the balance down to \$nil as at June 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 \$604,429 from exploration alliances which was recognized in the statement of operations and comprehensive loss.

During the period ended June 30, 2015, the Company received 15,000,000 Morro Bay shares valued at \$750,000 with respect to the option agreement on the Penoles Property, which was recorded as a reduction to the capitalized cost of exploration and evaluation assets.

Finance income and other income for the period ended June 30, 2016 were \$19,042 and \$150. Finance income and other expenses for the period ended June 30, 2015 were \$59,342 and \$4,868. Other income consists of revenue from sale of computer equipment. Other expenses related to the loss from sale of vehicles.

Expenses

Compared to the previous comparative period, investor relations expenses were higher due to advisory fees incurred. Consulting fees were higher as a result of less recovery from various alliance operator fees.

General and administrative expenses consist of filing fees, directors fees, general office expenses and administrative services related to maintaining the Company's exchange listing and complying with securities regulations. General and administrative expenses also include other office expenses for our subsidiaries in Mexico and the United States.

RISKS AND UNCERTAINTIES

In conducting its business the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities. Please refer to the MD&A for the year ended September 30, 2015 for more detailed discussion of such risk factors.

SUMMARY OF QUARTERLY RESULTS

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

| Quarter end | Finance income (expense) | Property and other income (expense) | Unrealized gain/(loss) on short-term investments | Net income (loss) | Earnings (loss) per share (basic & fully diluted) |
|-------------|--------------------------------|---|---|----------------------|--|
| 30-Jun-16 | 3,133 | 150 | 147,830 | (112,517) | 0.00 |
| 31-Mar-16 | 5,622 | - | 290 | 261,766 | 0.01 |
| 31-Dec-15 | 10,287 | - | (432,617) | (385,417) | (0.01) |
| 30-Sep-15 | (3,896) | 10,356 | (867,698) | (1,396,525) | (0.04) |
| 30-Jun-15 | 25,010 | (20,424) | (4,205) | (671,486) | (0.02) |
| 31-Mar-15 | 16,079 | 14,111 | 283,637 | 15,494 | 0.00 |
| 31-Dec-14 | 18,253 | 1,445 | (418,278) | (809,235) | (0.02) |
| 30-Sep-14 | 21,246 | 97,452 | (316,311) | (1,082,711) | (0.03) |

The net loss during the three months ended June 30, 2016 was due to the ongoing costs of the business. The net loss for the three months ended June 30, 2015 compared to the same period in 2016 was higher mainly due to an impairment of exploration and evaluation assets.

LIQUIDITY AND CAPITAL RESOURCES

The Company relies on equity financings and exploration alliances for its working capital requirements and to fund its planned exploration and development activities. Management ensures the Company has sufficient cash in its treasury to maintain underlying option payments and keep claims in good standing. Decrease in cash for the period ended June 30, 2016 was \$319,329 and short-term investments decreased by \$287,110. Working capital as at June 30, 2016 was \$3,650,832. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

Decrease in cash for the period ended June 30, 2015 was \$1,001,691 and short-term investments increased by \$628,265. Working capital as at June 30, 2015 was \$5,492,649.

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 upon between the Company and the related parties.

The Company entered into the following transactions with related parties:

| Payee | Nature of transactions | Period ending June 30 | Fees (\$) | Shares (\$) | Amount payable (\$) |
|--------------------------------|------------------------------------|-----------------------|-----------|-------------|---------------------|
| Arriva Management Inc. | Management and consulting fees (i) | 2016 | 187,472 | 11,250 | 06/30/2016: nil |
| | | 2015 | 111,620 | nil | 09/30/2015: nil |
| GSBC Financial Management Inc. | Management and consulting fees (i) | 2016 | 127,503 | 11,250 | 06/30/2016: nil |
| | | 2015 | 128,047 | 14,000 | 09/30/2015: nil |
| Dorado Minerals | Consulting fees (i) | 2016 | 110,171 | 5,625 | 06/30/2016: nil |
| | | 2015 | 112,500 | nil | 09/30/2015: nil |
| English Bay Capital | Consulting fees | 2016 | 76,500 | 11,250 | 06/30/2016: nil |
| | | 2015 | 25,500 | nil | 09/30/2015: nil |
| Michael Doggett | Director fees | 2016 | 9,000 | nil | 06/30/2016: 2,293 |
| | | 2015 | 9,000 | nil | 09/30/2015: nil |
| William Lee | Director fees | 2016 | 4,750 | nil | 06/30/2016: 3,890 |
| | | 2015 | 9,000 | nil | 09/30/2015: 1,521 |
| Brian Groves | Director fees | 2016 | 9,000 | nil | 06/30/2016: 2,293 |
| | | 2015 | 9,000 | nil | 09/30/2015: nil |
| James Clare | Director fees | 2016 | 9,000 | nil | 06/30/2016: 2,293 |
| | | 2015 | 9,000 | nil | 09/30/2015: nil |
| Carol Ellis | Director fees | 2016 | 1,000 | nil | 06/30/2016: 793 |
| | | 2015 | nil | nil | 09/30/2015: nil |
| Walter Henry | Director fees | 2016 | 1,000 | nil | 06/30/2016: 793 |
| | | 2015 | nil | nil | 09/30/2015: nil |

At June 30, 2016, the amount payable to a company controlled by an officer was \$nil (September 30, 2015 - \$9,616) for expense reimbursements.

CONTRACTUAL AND OTHER OBLIGATIONS

The Company entered into an office lease agreement with a third party for the office in Vancouver, Canada for a 5-year term from March 1, 2013 to February 28, 2018. Total office lease commitments are as follows: \$172,001 in 2016; \$177,625 in 2017; and \$74,987 in 2018.

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 4 to the consolidated financial statements for the year ended September 30, 2015.

Accounting standards adopted during the period

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

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

- IFRIC 21 Levies: effective for periods beginning on or after January 1, 2014.

New standards and interpretations not yet adopted

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

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

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 37,409,778 common shares were issued and outstanding as of the date of this MD&A.

The Company has no share purchase warrants outstanding as of the date of this MD&A. The following summarizes information about the stock options outstanding as of the date of this MD&A:

| Number of Options | Option Exercise Price | Expiry Date |
|--------------------------|------------------------------|--------------------|
| 530,000 | \$0.500 | 08-Sep-2016 |
| 575,000 | \$0.650 | 14-Dec-2017 |
| 824,000 | \$0.270 | 14-Nov-2019 |
| 800,000 | \$0.145 | 07-Jan-2021 |
| 2,729,000 | | |