RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

Consolidated Financial Statements

For the Years Ended September 30, 2020 and 2019

RIVERSIDE RESOURCES INC.

Index to Consolidated Financial Statements

September 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Riverside Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Riverside Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2020 and 2019, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

January 28, 2021

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

	Note	2020	2019
Assets			
Current assets:			
Cash and cash equivalents	16	$ 4,588,578	$ 3,443,996
Short-term investments	5	1,463,312	1,698,383
Share subscription receivable	12	13,750	-
Receivables	6	596,452	487,391
Prepaid expenses	7	109,672	101,498
		6,771,764	5,731,268
Equipment	8	232,011	173,250
Exploration and evaluation assets	9	5,217,947	6,436,939
		$ 12,221,722	$ 12,341,457
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	$ 1,635,890	$ 1,175,052
Provision liability	19	990,184	1,103,819
		2,626,074	2,278,871
Government loan	11	31,970	-
		2,658,044	-
Shareholders' equity:			
Capital stock	12	24,961,986	27,344,879
Reserves	12	3,458,788	3,292,422
Deficit		(16,596,443)	(19,227,987)
Accumulated other comprehensive loss		(2,260,653)	(1,346,728)
		9,563,678	10,062,586
		$ 12,221,722	$ 12,341,457

Nature and continuance of operations (Note 1)
Subsequent events (Note 20)

On behalf of the Board on January 28, 2021

"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 Income (Loss) and Comprehensive Income (Loss)
For the years ended September 30,
(Expressed in Canadian Dollars)

	Note	2020	2019
Expenses			
Management and consulting fees	14	$ 189,745	$ 288,237
Depreciation	8	58,972	21,701
Director fees	14	36,000	39,000
Foreign exchange gain		(23,502)	(21,828)
General and administration		155,692	107,822
Interest expense	11	1,043	-
Investor relations		325,198	246,946
Professional fees		95,460	148,486
Property investigation and evaluation		4,470	10,879
Rent		80,294	77,392
Share-based payments	12,14	228,800	96,397
Finance income		(39,250)	(42,591)
Gain on disposal of equipment	8	-	(32,852)
Gain on spin-out of exploration and evaluation assets	2,9	(2,417,283)	-
Other income	5,14	(69,621)	(1,305,993)
Gain on debt settlement	14	-	(26,846)
Write-down of exploration and evaluation assets	9	-	96,062
Unrealized loss (gain) on short-term investments	5	(1,066,407)	339,689
Realized loss (gain) on short-term investments	5	(191,155)	137,304
Provision tax penalty	19	-	1,131,026
Income (loss) for the year		2,631,544	(1,310,831)
Foreign exchange movements		(913,925)	(221,918)
Comprehensive income (loss) for the year		1,717,619	(1,532,749)
Income (loss) per share – basic and diluted		$ 0.04	$ (0.02)
Weighted average number of common shares outstanding			
– basic	4(h)	63,938,595	54,363,054
– diluted	4(h)	72,605,175	54,363,054

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	2020	2019
OPERATING ACTIVITIES			
Income (loss) for the year		$ 2,631,544	$ (1,310,831)
Items not involving cash:			
Depreciation	8	58,972	21,701
Share-based payments	12,14	228,800	96,397
Write-down of exploration and evaluation assets	9	-	96,062
Realized (gain) loss on short-term investments	5	(191,155)	137,304
Unrealized (gain) loss on short-term investments	5	(1,066,407)	339,689
Gain on disposal of equipment	8	-	(32,852)
Gain on spin-out of exploration and evaluation assets	2,9	(2,417,283)	-
Other income	5,14	(69,621)	(1,305,993)
Accrued interest on government loan	11	1,043	-
Change in non-cash working capital items:			
Prepaid expenses		(8,174)	7,207
Receivables		(138,917)	13,488
Accounts payable and accrued liabilities		62,456	(56,988)
Provision liability	19	-	1,103,819
		(908,742)	(890,997)
INVESTING ACTIVITIES			
Exploration advances – accounts payable and accrued liabilities		471,458	1,019,882
Exploration and evaluation assets		(1,075,918)	(1,268,483)
Purchase of equipment	8	(129,840)	(136,072)
Sale of short-term investments	5	1,963,633	23,363
		1,229,333	(361,310)
FINANING ACTIVITIES			
Proceeds from shares issuance, net of issuance costs	12	998,673	2,633,361
Proceeds from government loan	11	40,000	-
		1,038,673	2,633,361
Effect of foreign exchange on cash and cash equivalents		(214,682)	2,864
Increase in cash and cash equivalents		1,144,582	1,383,918
Cash and cash equivalents, beginning of the year		3,443,996	2,060,078
Cash and cash equivalents, end of the year		$ 4,588,578	$ 3,443,996

Supplemental disclosures with respect to cash flows (Note 16)

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, 2018		44,609,313	$ 24,590,428	$ 3,194,415	$ (17,917,156)	$ (1,124,810)	$ 8,742,877
Issued for:							
Private placement	12	17,516,875	2,631,751	1,610	-	-	2,633,361
Performance bonus shares	12	265,000	47,700	-	-	-	47,700
Shares issued for exploration and evaluation assets	9	450,000	75,000	-	-	-	75,000
Share-based payments	12	-	-	96,397	-	-	96,397
Loss for the year		-	-	-	(1,310,831)	-	(1,310,831)
Foreign exchange movements		-	-	-	-	(221,918)	(221,918)
Balance at September 30, 2019		62,841,188	27,344,879	3,292,422	(19,227,987)	(1,346,728)	10,062,586
Issued for:							
Shares issued for exploration and evaluation assets	9,12	400,000	56,000	-	-	-	56,000
Transfer of exploration and evaluation assets pursuant to spin-out	2,9,12	-	(3,500,000)	-	-	-	(3,500,000)
Exercise of warrants	12	4,218,943	898,112	-	-	-	898,112
Exercise of options	12	667,000	163,763	(63,202)	-	-	100,561
Fair value of replacement warrants	12	-	(768)	768	-	-	-
Share-based payments	12	-	-	228,800	-	-	228,800
Income for the year		-	-	-	2,631,544	-	2,631,544
Foreign exchange movements		-	-	-	-	(913,925)	(913,925)
Balance at September 30, 2020		68,127,131	$ 24,961,986	$ 3,458,788	$ (16,596,443)	$ (2,260,653)	$ 9,563,678

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

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Riverside Resources Inc. (the “Company” or “Riverside”) is a mineral exploration and evaluation company operating as a prospect generator listed on the TSX Venture Exchange (the “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 550 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

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. Plan of Arrangement

On October 30, 2019, the Company incorporated a new subsidiary, Capitan Mining Inc. (“Capitan”) and Rios DE Suerte S.A de C.V., another new subsidiary was incorporated on November 29, 2019 in order to facilitate a plan of arrangement (“Arrangement”) whereby the Company’s 100% interest in the Peñoles Project was spun out to Capitan.

On August 14, 2020, the Company transferred its 100% interest in the Peñoles Project and completed the Arrangement to spin out the shares of Capitan to the shareholders of Riverside. Pursuant to the Arrangement, holders of common shares of Riverside on August 13, 2020 received one new common share of Riverside (each, a "Riverside Share") and 0.2594 of a Capitan share (each, a "Capitan Share") for each common share held.

The carrying value of the net assets transferred to Capitan, pursuant to the Arrangement, consisted of the following assets:

Assets	$
Carrying value of exploration and evaluation assets	**1,082,717**
Fair value of net assets transferred	**3,500,000**
Gain on transfer of spin-out assets	**2,417,283**

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the transfer of net assets to Riverside shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the consolidated statement of comprehensive income (loss). The fair value of net assets transferred was based on the expected market value of a Capitan share of $0.20 per share as per private placement completed on August 24, 2020.

The Arrangement resulted in a reduction of share capital amounting to $3,500,000.

2. Plan of Arrangement (continued)

Under the terms of the Arrangement, each issued and outstanding Riverside option has been adjusted for the assets spun-out. The exercise prices of the Riverside replacement stock options were adjusted based on the proportional market value of the two companies after completion of the Arrangement. See Note 12.

3. Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured 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.

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
RRM Minas S DE RL 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

(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., RRM Exploration S.A.P.I. de C.V. and RRM Minas S DE RL 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 functional currency for an entity 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.

4. Significant accounting policies (continued)

(b) Foreign currency translation (continued)

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 maturities at the date of purchase of ninety days or less; and short-term investments include: marketable securities in publicly traded and private 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.

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.

4. Significant accounting policies (continued)

(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.

(h) Income (loss) per share

Basic income (loss) per common share is calculated by dividing income (loss) attributable 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 income (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 income (loss) per share excludes all dilutive potential common shares if their effect is anti-dilutive.

The calculation of basic income (loss) per share for the year ended September 30, 2020 was based on the income attributable to common shareholders of $2,361,544 (2019 – loss of $1,310,831) and a weighted average number of common shares outstanding of 63,938,595 (2019 – 54,363,054).

The calculation of diluted income per share for the year ended September 30, 2020 includes the weighted average number of common shares outstanding adjusted for the effects of all potentially dilutive common shares, which comprise 1,523,879 stock options and 7,142,701 warrants.

The calculation of diluted loss per share for the year ended September 30, 2019 did not include the effect of stock options and warrants as they were considered anti-dilutive.

4. Significant accounting policies (continued)

(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. As at September 30, 2019, the Company recorded a provision with respect to a legal dispute with the Government of Mexico. See Note 19.

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.*

4. Significant accounting policies (continued)

(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 in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company’s accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

4. Significant accounting policies (continued)

(k) Financial Instruments (continued)

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 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 following table shows the classification of the Company's financial assets and liabilities:

Financial asset or liability	IFRS 9 Classification
Cash and cash equivalents	FVTPL
Short-term investments	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Government loan	Amortized cost

(l) Share-based payments

The stock option plan allows the Company's 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.

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.

4. Significant accounting policies (continued)

(m) Capital stock (continued)

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) Government Assistance

The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic. Pursuant to IAS 20 Accounting for Government Grants and Disclosure, the benefit of a government loan at below market rate is treated as a government grant and measured in accordance with IFRS 9 Financial Instruments: the benefit of below-market rate is measured as the difference between the initial carrying value of the loan and the proceeds received. The difference will be accredited to the loan liability over the term of the loan and offset to other income on the statement of income (loss) and comprehensive income (loss).

New Accounting Policies Adopted

The following accounting standards were adopted by the Company effective October 1, 2019:

IFRS 16 - *Leases* (new; replaces IAS 17)

On October 1, 2019, the Company adopted IFRS 16, which supersedes IAS 17- Leases ("IAS 17"). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 requires lessees to recognize a right of use of asset and a lease obligation at the lease commencement date. The Company has assessed its monthly office rent payments and concluded that it does not meet the definition of a lease in the context of IFRS 16. As such, the adoption of the standard did not have an impact on the Company's consolidated financial statements.

IFRIC 23 - *Uncertainty over Income Tax Treatments*

On October 1, 2019, the Company adopted IFRIC 23, which is a new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

(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, 2020			September 30, 2019		
	Number of shares	Cost	Fair market value	Number of shares	Cost	Fair market value
Arcus Development Group Inc.	29,000	$ 11,020	$ 870	29,000	$ 11,020	$ 870
Arizona Metals Corp. (1)	1,500,000	398,632	990,000	7,300,000	1,940,010	1,277,500
Guerrero Exploration Inc.	1,926,000	343,049	-	1,926,000	343,049	-
Carlyle Commodities Corp. (2)	1,500,000	450,000	270,000	-	-	-
E3 Metals Corp. (3)	-	-	-	-	-	-
Sierra Madre Developments Inc.	1,250,322	1,103,791	162,542	1,250,322	1,103,791	50,013
Silver Viper Minerals Corp. (4)	-	-	-	1,000,000	250,000	270,000
Sinaloa Resources Corp. (5)	1,000,000	100,000	-	1,000,000	100,000	100,000
First Helium Inc. (6)	77,250	39,900	39,900	-	-	-
Upper Canada Mining Inc. (7)	600,000	-	-	-	-	-
		$ 2,446,392	$ 1,463,312		$ 3,747,870	$ 1,698,383

(1) During the year ended September 30, 2019, the Company had received an additional 4,300,000 shares from Arizona Metals Corp. as a result of the Sugarloaf Peak option agreement and amending agreement that the Company entered into December 2014 and 2015. The Sugarloaf Peak property has a carrying value of $nil, therefore the Company recognized $1,289,993 in other income during the year ended September 30, 2019.

On November 13, 2019, the Company sold 4,400,000 shares for net proceeds of $784,207. Subsequently, the Company sold 900,000 shares for net proceeds of $450,000 on May 1, 2020. Lastly, the Company sold an additional 500,000 shares for net proceeds of $309,102 on July 31, 2020.

(2) On July 13, 2020, the Company received 1,500,000 shares of Carlyle Commodities Corp. with a fair market value of $450,000, as per the option agreement for the Cecilia property. Please refer to Note 9 (f) for additional details.

(3) During the year ended September 30, 2019, the Company sold all 55,087 shares for net proceeds of $23,363.

(4) On July 31, 2020, the Company sold all 1,000,000 shares for net proceeds of $439,224.

(5) On February 20, 2019, the Company received 1,000,000 shares of Sinaloa Resources Corp. ("Sinaloa") with a fair market value of $100,000, as per the option agreement for the La Silla property. As at September 30, 2020, the fair market value of the shares was determined to be $nil based on the current status of Sinaloa's financial position. Please refer to Note 9 (c) for additional details.

(6) On November 30, 2019, the Company received 300,000 pre-consolidated shares of First Helium Inc. to settle $21,000 in debt. Please refer to Note 14 (iii) & Note 16 (a) for additional details. On September 8, 2020, the Company acquired an additional 472,500 pre-consolidated shares of First Helium Inc. at $0.04 per share by paying cash of $18,900.

First Helium Inc. completed a 10:1 share consolidation on November 27, 2020. These shares been retroactively restated in the table above.

(7) On September 11, 2020, the Company received 600,000 shares of Upper Canada Mining Inc. ("Upper Canada") with a fair market value of $nil, as per the Letter of Intent for the La Silla property. Please refer to Note 9 (c) for additional details.

(Expressed in Canadian Dollars)

6. Receivables

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

	September 30, 2020	September 30, 2019
GST recoverable amounts in Canada	$ 8,713	$ 15,070
IVA recoverable amounts in Mexico	565,165	432,698
Land taxes recovery in Mexico	20,474	22,823
Other receivable	2,100	16,800
	$ 596,452	$ 487,391

7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	September 30, 2020	September 30, 2019
Conferences and courses	$ 10,662	$ 39,479
Expense advances	64,201	39,342
Insurance	23,980	10,216
Rent	10,829	12,461
	$ 109,672	$ 101,498

(Expressed in Canadian Dollars)

8. Equipment

	Computer hardware	Exploration equipment	Furniture & fixtures	Vehicles	TOTAL
Cost					
Balance at September 30, 2018	$ 86,041	$ 127,071	$ 34,265	$ 112,466	$ 359,843
Additions	17,458	-	-	118,614	136,072
Disposals	-	-	-	(54,408)	(54,408)
Foreign exchange movement	(468)	(3,243)	(654)	(3,653)	(8,018)
Balance at September 30, 2019	$ 103,031	$ 123,828	$ 33,611	$ 173,019	$ 433,489
Additions	769	91,107	-	37,964	129,840
Foreign exchange movement	(14,995)	(9,413)	(2,258)	(17,919)	(44,585)
Balance at September 30, 2020	**$ 88,805**	**$ 205,522**	**$ 31,353**	**$ 193,064**	**$ 518,744**
Accumulated depreciation					
Balance at September 30, 2018	$ (83,803)	$ (100,121)	$ (27,219)	$ (86,249)	$ (297,392)
Depreciation	(1,673)	(5,349)	(1,399)	(13,280)	(21,701)
Disposals	-	-	-	54,408	54,408
Foreign exchange movement	404	2,704	532	806	4,446
Balance at September 30, 2019	$ (85,072)	$ (102,766)	$ (28,086)	$ (44,315)	$ (260,239)
Depreciation	(7,837)	(9,612)	(1,069)	(40,454)	(58,972)
Foreign exchange movement	13,614	10,005	1,913	6,946	32,478
Balance at September 30, 2020	**$ (79,295)**	**$ (102,373)**	**$ (27,242)**	**$ (77,823)**	**$ (286,733)**
Net book value					
Balance at September 30, 2019	$ 17,959	$ 21,062	$ 5,525	$ 128,704	$ 173,250
Balance at September 30, 2020	**$ 9,510**	**$ 103,149**	**$ 4,111**	**$ 115,241**	**$ 232,011**

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets

For the year ended September 30, 2020

	Penoles Mexico	Tajitos Mexico	La Silla Mexico	Australia Mexico	Ariel Mexico	Cecilia Mexico	Teco Mexico	Suaqui Verde Mexico	Los Cuarentas Mexico	La Union Mexico	El Valle, Llano del Nogalo & El Pima Mexico	Western Ontario Canada	Total
Acquisition costs	$ 33,799	$ 75,354	$ 5,572	$ 928	$ 3,944	$ 197,746	$ 12,890	$ 994	$ 91,156	$ 16,990	$ 1,950	$ 63,356	$ 504,679
Exploration costs:													
Assaying	408	-	-	-	-	-	-	-	3,099	-	-	3,869	7,376
Field & camp costs	12,395	13,451	3,497	4,034	773	327	6,280	1,281	2,189	7,667	-	7,557	59,451
Geological consulting	149,646	19,123	15,738	384	4,804	18,063	4,852	-	41,282	7,968	47	123,892	385,799
Transport & support	35,688	13,162	3,262	2,926	2,561	5,817	2,060	-	15,731	10,690	133	87,624	179,654
Total current exploration costs	198,137	45,736	22,497	7,344	8,138	24,207	13,192	1,281	62,301	26,325	180	222,942	632,280
Professional & other fees:													
Professional consulting	9,000	1,000	24,000	1,541	5,000	7,000	1,000	-	-	-	-	87,500	136,041
Legal fees	5,168	13,661	9,306	11,909	-	2,712	109	-	14,793	-	490	-	58,148
Others	(102,608)	4,228	-	-	1,297	140	2,245	-	396	3,026	-	5,106	(86,170)
Total current professional & other fees	(88,440)	18,889	33,306	13,450	6,297	9,852	3,354	-	15,189	3,026	490	92,606	108,019
Total costs incurred during the year	143,496	139,979	61,375	21,722	18,379	231,805	29,436	2,275	168,646	46,341	2,620	378,904	1,244,978
Balance, Opening	1,360,583	2,520,813	402,843	15,316	80,615	1,636,094	184,406	24,334	68,270	5,079	-	138,586	6,436,939
Recoveries	-	-	-	-	-	(500,000)	-	-	(122,519)	-	-	-	(622,519)
Transferred to Capitan	(1,082,717)	-	-	-	-	-	-	-	-	-	-	-	(1,082,717)
Foreign exchange movements	(421,362)	(200,480)	(26,106)	(3,633)	(3,802)	(62,203)	(19,855)	(2,745)	(14,133)	(4,149)	(266)	-	(758,734)
Balance, End of the year	$ -	$ 2,460,312	$ 438,112	$ 33,405	$ 95,192	$ 1,305,696	$ 193,987	$ 23,864	$ 100,264	$ 47,271	$ 2,354	$ 517,490	$ 5,217,947
Cumulative costs:													
Acquisition	$ 4,014,438	$ 1,030,505	$ 56,506	$ 2,655	$ 9,235	$ 624,814	$ 67,516	$ 3,894	$ 150,233	$ 16,990	$ 1,950	$ 66,897	$ 6,045,633
Exploration	2,124,319	1,531,677	492,623	21,072	73,077	975,879	121,092	22,562	72,171	31,047	180	307,987	5,773,686
Professional & other fees	612,406	312,930	85,439	13,450	16,816	149,119	5,124	-	15,189	3,430	490	142,606	1,356,999
Recoveries	(4,665,613)	-	(164,000)	-	-	(500,000)	-	-	(122,519)	-	-	-	(5,452,132)
Transferred to Capitan	(1,082,717)	-	-	-	-	-	-	-	-	-	-	-	(1,082,717)
Foreign exchange movements	(1,002,833)	(414,800)	(32,456)	(3,772)	(3,936)	55,884	255	(2,592)	(14,810)	(4,196)	(266)	-	(1,423,522)
	$ -	$ 2,460,312	$ 438,112	$ 33,405	$ 95,192	$ 1,305,696	$ 193,987	$ 23,864	$ 100,264	$ 47,271	$ 2,354	$ 517,490	$ 5,217,947

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

For the year ended September 30, 2019

	Penoles Mexico	Tajitos Mexico	La Silla Mexico	Australia Mexico	Thor Mexico	Ariel Mexico	Cecilia Mexico	Teco Mexico	Suaqui Verde Mexico	Los Cuarentas Mexico	La Union Mexico	Western Ontario Canada	Total
Acquisition costs	$ 28,937	$ 81,267	$ 3,432	$ 666	$ 8,699	$ 1,931	$ 193,071	$ 11,015	$ 2,900	$ 59,077	$ -	$ 3,541	$ 394,536
Exploration costs:													
Assaying	2,306	-	-	2,110	-	-	16,491	-	-	-	-	5,368	26,275
Field & camp costs	12,135	15,723	4,304	35	-	952	6,582	2,370	1,260	151	736	2,548	46,796
Geological consulting	226,359	130,329	73,184	4,056	6,974	10,956	296,843	15,979	18,746	3,075	2,700	41,162	830,363
Transport & support	48,250	42,833	13,453	965	15,044	6,666	57,591	2,239	1,275	6,644	1,286	35,967	232,213
Total current exploration costs	289,050	188,885	90,941	7,166	22,018	18,574	377,507	20,588	21,281	9,870	4,722	85,045	1,135,647
Professional & other fees:													
Professional consulting	6,000	-	12,000	-	-	191	11,000	-	-	-	-	50,000	79,191
Legal fees	10,429	21,543	591	-	-	-	2,442	246	-	-	404	-	35,655
Others	-	6,069	-	-	-	-	5,725	-	-	-	-	-	11,794
Total current professional & other fees	16,429	27,612	12,591	-	-	191	19,167	246	-	-	404	50,000	126,640
Total costs incurred during the year	334,416	297,764	106,964	7,832	30,717	20,696	589,745	31,849	24,181	68,947	5,126	138,586	1,656,823
Balance, Opening	1,274,557	2,276,354	441,391	7,694	65,701	60,890	1,060,703	157,459	-	-	-	-	5,344,749
Recoveries	(141,213)	-	(139,000)	-	-	-	-	-	-	-	-	-	(280,213)
Write off	-	-	-	-	(96,062)	-	-	-	-	-	-	-	(96,062)
Foreign exchange movements	(107,177)	(53,305)	(6,512)	(210)	(356)	(971)	(14,354)	(4,902)	153	(677)	(47)	-	(188,358)
Balance, End of the year	$ 1,360,583	$ 2,520,813	$ 402,843	$ 15,316	$ -	$ 80,615	$ 1,636,094	$ 184,406	$ 24,334	$ 68,270	$ 5,079	$ 138,586	$ 6,436,939
Cumulative costs:													
Acquisition	$ 3,980,639	$ 955,151	$ 50,934	$ 1,727	$ 30,615	$ 5,291	$ 427,068	$ 54,626	$ 2,900	$ 59,077	$ -	$ 3,541	$ 5,571,569
Exploration	1,926,182	1,485,941	470,126	13,728	54,885	64,939	951,672	107,900	21,281	9,870	4,722	85,045	5,196,291
Professional & other fees	700,846	294,041	52,133	-	7,237	10,519	139,267	1,770	-	-	404	50,000	1,256,217
Recoveries	(4,665,613)	-	(164,000)	-	-	-	-	-	-	-	-	-	(4,829,613)
Write-off	-	-	-	-	(96,062)	-	-	-	-	-	-	-	(96,062)
Foreign exchange movements	(581,471)	(214,320)	(6,350)	(139)	3,325	(134)	118,087	20,110	153	(677)	(47)	-	(661,463)
	$ 1,360,583	$ 2,520,813	$ 402,843	$ 15,316	$ -	$ 80,615	$ 1,636,094	$ 184,406	$ 24,334	$ 68,270	$ 5,079	$ 138,586	$ 6,436,939

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

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

During the year ended September 30, 2020, the Company received $nil (2019 - $141,213) in cash as land taxes recovery from the Government in Mexico.

On August 14, 2020, the Company completed the Arrangement and transferred its 100% interest of the gold-silver resource at the Peñoles Project to Capitan as previously mentioned in Note 2. In connection with the Arrangement, the Company recognized a gain on spin-out of Peñoles Project of $2,417,283 in consideration for 17,500,000 common shares of Capitan with a value of $3,500,000. There were $1,082,717 historical capitalized costs associated with this project transferred to Capitan.

(b) Tajitos, Sonora, Mexico

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

(c) 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.

On May 30, 2018, the Company entered into an option agreement, signing a Definitive Agreement on January 30, 2019, with Sinaloa whereby Sinaloa could acquire a 70% interest in the La Silla Property, a silver-gold project, by paying $60,000 in cash, issuing $1,000,000 in common shares, and incurring exploration expenditures of $2,000,000 over a three-year period as follows:

Due date	**Cash**	**Common shares**	**Cumulative exploration expenditures**
May 30, 2018 (signing of LOI)	$ 25,000 (received)(1)	-	-
January 28, 2019	$ 35,000 (received)(2)	$100,000(received)(3)	-
January 28, 2020(4)	-	$100,000	$ 300,000
January 28, 2021(4)	-	$100,000	$ 1,000,000
January 28, 2022	-	$700,000	$ 2,000,000

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(c) La Silla, Sinaloa, Mexico (continued)

(1) Option payments were received in June and July 2018.
(2) Option payment was received on January 25, 2019.
(3) 1,000,000 common shares were received on February 20, 2019.
(4) Option agreement was terminated during the year ended September 30, 2020, please see below paragraph for further details.

The Company did not receive the $100,000 payment in common shares that were due on January 28, 2020 from Sinaloa. Furthermore, Sinaloa did not incur the $300,000 in exploration expenditures due on January 28, 2020. During the year ended September 30, 2020, the Company terminated the option agreement with Sinaloa and therefore, Sinaloa has no further obligation with respect to the project.

On September 11, 2020, the Company entered into a Letter of Intent ("LOI") with Upper Canada Mining Inc. ("Upper Canada") and received 600,000 shares of Upper Canada whereby Upper Canada could acquire up to a 100% interest in the La Silla Property. The shares received from Upper Canada had a fair market value of $nil. The Company signed a Definitive Agreement with Upper Canada subsequent to the year ended September 30, 2020. Refer to Note 20 for additional details.

(d) Thor Project, Sonora, Mexico

Thor is a porphyry copper project, located in Sonora, Mexico. The Company acquired a 100% interest in the Thor Copper Project on June 1, 2017.

During the year ended September 30, 2019, the Company decided not to continue with further exploration at the project and chose to write off the property and the historical capitalized costs of $96,062.

(e) Ariel, Sonora, Mexico

The Company acquired a 100% exploration concession interest in the Ariel Property on June 1, 2017.

(f) 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:

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 (paid)	200,000 (issued, fair value: $54,000)
January 31, 2019	$ 75,000 (paid)	300,000 (issued, fair value: $51,000)
January 31, 2020	$ 125,000 (paid)	400,000 (issued, fair value: $56,000)

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(f) Cecilia, Sonora, Mexico (continued)

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.

On July 15, 2020, the Company entered into an Definitive Option Agreement with Carlyle Commodities Corp. ("Carlyle") whereby Carlyle could acquire a 100% interest in the Cecilia Property, a silver-gold project, by paying $200,000 in cash, issuing 1,500,000 common shares and 3,000,000 special warrants, and incurring exploration expenditures of $2,500,000 over a three-year period as per below, while retaining a 2.5% NSR.

Due date	**Cash**	**Common shares**	**Special warrants**	**Exploration expenditures**
June 23, 2020 (signing of LOI)	$10,000 (received)(1)	-	-	-
July 15, 2020	$40,000 (received)(2)	1,500,000 (received)(3)	3,000,000 (received) (3)	-
July 15, 2021	$50,000	-	-	$ 750,000
July 15, 2022	$50,000	-	-	$ 500,000
July 15, 2023	$50,000	-	-	$ 1,250,000

(1) Option payments were received on June 23, 2020
(2) Option payment was received on July 16, 2020
(3) 1,500,000 common shares and 3,000,000 special warrants were received on July 13, 2020. The special warrants are subject to the following vesting schedule: 500,000 vested 12 months after issuance, 500,000 vested 18 months after issuance, 500,000 vested 24 months after issuance, 500,000 vested 30 months after issuance, and 1,000,000 vested 36 months after issuance. Unless the option agreement expires or is terminated, the special warrants will be converted to common shares in Carlyle with no additional consideration. Upon expiration or termination of the option agreement, any unvested special warrants are terminated. As at September 30, 2020, none of the special warrants are vested.

On August 17, 2020, the Company received $150,000 as exploration advance from Carlyle for generative exploration during the period from July 15 to September 30, 2020.

(g) 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.

(h) Australia, Sonora, Mexico

Australia Project is made up of two concessions: Sandy and Sandy 2. The Company acquired a 100% interest in the Sandy and Sandy 2 concessions on February 28, 2018 and October 12, 2018, respectively.

(i) Suaqui Verde, Suaqui Grande, Mexico

The Company acquired a 100% interest in Suaqui Verde Property on October 12, 2018.

9. Exploration and evaluation assets (continued)

(j) Palo Fierro, Sonora, Mexico

On May 15, 2019, the Company entered into an exploration financing agreement with BHP Exploration Chile SpA ("BHP") for funding of generative exploration in the copper producing belt of Mexico (the "Program"). Per the agreement, BHP will fund US$1,000,000 on an annual basis for a minimum of two years for generative grass-roots exploration within northeastern Sonora. On May 29, 2019, the Company received US$1,000,000 as exploration advances for the generative exploration in the first year. During the year ended September 30, 2020, the Company had spent the US$1,000,000 for generative exploration in the first year.

On June 5, 2019, the Company gained a 100% exploration concession interest in the Palo Fierro Property, a copper project, which is a part of the Program with BHP.

On January 29, 2020, the Company received US$195,000 as exploration advances for the refinement exploration from January to March 2020. During the year ended September 30, 2020, the Company had spent the overall US$195,000 for the refinement exploration program.

On June 12, 2020, the Company received US$720,000 as exploration advances for the generative exploration during the period from July 1, 2020 to December 31, 2020 in the second year.

On September 2, 2020, the Company received US$134,635 as exploration advances for the additional gravity survey project during the next three months from September 1 to November 30, 2020.

(k) Los Cuarentas, Sonora, Mexico

On June 24, 2019, the Company entered into a binding letter agreement ("Letter Agreement") with Millrock to acquire a 100% undivided right, title, and interest in five projects, including Los Cuarentas, La Union, El Valle, Llano del Nogalo and El Pima, at a purchase price of $35,000 cash (paid) and 150,000 common shares (issued at a fair market value of $24,000). As at September 30, 2020, the Company has not officially obtained ownership of the properties of Llano del Nogalo and EI Valle.

On June 17, 2020, the Company entered into a Definitive Option Agreement (the "Agreement") with Minera Hochschild Mexico, S.A. de C.V. ("Hochschild"), a wholly-owned subsidiary of Hochschild Mining PLC for the Company's 100% owned Los Cuarentas Gold-Silver Project (the "Project").

<u>Details of the Agreement:</u>

- Phase I Earn-in Option: Hochschild can earn-in an undivided 51% by incurring US$8,000,000 in exploration expenditures over five (5) years.

  On July 20, 2020, the Company received US$90,467 on signing the Agreement and to reimburse the Company for prepaid maintenance fees.

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets (continued)

(k) Los Cuarentas, Sonora, Mexico (continued)

Hochschild to incur expenditures as listed in the table below totaling at least US$8,000,000 of qualifying exploration expenditures before the fifth anniversary of the effective date of the executed Agreement.

Due date	**Cumulative exploration expenditures**
June 17, 2021 (1st anniversary of the effective date)	US$700,000
June 17, 2022	US$1,700,000
June 17, 2023	US$2,700,000
June 17, 2024	US$5,000,000
June 17, 2025	US$8,000,000

Upon completion of Phase I obligations, Hochschild can elect to form a 51:49 joint venture.

- Phase II Earn-in Option: Hochschild can elect to earn an additional 24% by incurring a further US$3,000,000 in qualifying exploration expenditures and delivering a completed feasibility study.

Due date	**Cumulative exploration expenditures**
June 17, 2026	US$9,000,000
June 17, 2027	US$10,000,000
June 17, 2028	US$11,000,000

Upon Hochschild's completion of the Phase II Earn-in and Riverside's acceptance, the parties can form a Joint Venture with Riverside having a 25% interest, and Hochschild having 75% interest. Riverside will have the option to sell its interest in the project to Hochschild for US$20,000,000, while retaining a 1% Net Smelter Royalty (NSR).

On July 27, 2020, the Company received US$312,614 as exploration advances for the generative exploration for the period from July 1, 2020 to September 30, 2020.

(l) La Union, Sonora, Mexico

The La Union Property is a part of the Letter Agreement with Millrock. As a result, the Company gained a 100% exploration concession interest in the La Union Property on June 24, 2019.

(m) Western Ontario, Canada

In April 2019, the Company acquired a 100% interest in the Oakes, Longrose, Pichette and Vincent projects in Western Ontario, Canada. In July 2020, the Company expanded and acquired a 100% interest in the Kenora project in Western Ontario, Canada. As at September 30, 2020, the Company owned 1,282 claims for these projects (2019 – 35).

(Expressed in Canadian Dollars)

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, 2020	September 30, 2019
Payables to vendors	$ 158,167	$ 155,170
*Exploration advances	1,477,723	1,019,882
	$ 1,635,890	$ 1,175,052

*Exploration advances is in connection to the BHP, Carlyle and Hochschild projects during the year ended September 30, 2020. Refer to Note 9 (f), (j) and (k) for further details.

11. Government loan

In May 2020, the Company secured a $40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account ("CEBA") under the Government of Canada COVID-19 relief program.

Terms of the CEBA loan:

- The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,
- If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a 2-year interest-free term loan effective January 1st, 2021,
- If $30,000 is repaid by December 31, 2022, $10,000 of the loan will be forgiven,
- On December 31, 2022, the term loan will be automatically extended for another 3 years at the rate of 5% per annum on any balance remaining.

The Company has estimated the initial carrying value of the CEBA loan at $30,927, using a discount rate of 10%, which was the estimated rate for a similar loan without the interest-free component. The difference of $9,073 will be accredited to the loan liability over the term of the CEBA loan and offset to other income on the statements of income (loss) and comprehensive income (loss).

The details of the CEBA loan is as follows:

		September 30, 2020		**September 30, 2019**
Opening balance	$	-	$	-
Addition		30,927		-
Interest expense		1,043		-
Ending balance	**$**	**31,970**	**$**	**-**

12. 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, 2020

(a) On January 31, 2020, the Company issued 400,000 common shares with a fair value of $56,000 to Gunpoint in accordance with the letter agreements for the Cecilia property (Note 9 (f)).

(b) During the year ended September 30, 2020, the Company issued 4,218,943 common shares for the exercise of warrants for proceeds of $898,112. As at September 30, 2020, there was $13,750 in share subscription receivable for the exercise of warrants.

(c) During the year ended September 30, 2020, the Company issued 667,000 common shares for the exercise of options for proceeds of $100,561.

Shares issued for the year ended September 30, 2019

(d) On January 8, 2019, the Company issued 265,000 bonus shares at a fair value of $47,700 to certain executive officers and consultants of the Company in accordance with the Company's shareholder approved bonus share plan.

(e) On January 31, 2019, the Company issued 300,000 common shares with a fair value of $51,000 to Gunpoint in accordance with the letter agreements for the Cecilia property (Note 9 (f)).

(f) On March 19, 2019 the Company completed a private placement consisting of 17,488,875 units at a price of $0.16 per unit for gross proceeds of $2,798,220. As part of the financing, the Company paid $164,859 in share issuance costs and issued 28,000 additional units and warrants as finder's fees with a fair value of $4,480 and $1,610 respectively, recorded as share issuance cost. Each unit consisted of one common share and one whole common share purchase warrant. Each common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of $0.22 per share. The term of the warrants are subject to an accelerated exercise provision. The fair value of the finders' warrants is calculated using the Black-Scholes option pricing with the following assumptions: estimated risk-free rate of 1.64%, volatility of 82.4%, annual dividend yield of 0% and life of warrant of 2 years.

(g) On September 20, 2019, the Company issued 150,000 common shares with a fair value of $24,000 to Millrock in accordance with the Letter Agreement for acquiring a 100% undivided right, title, and interest in five projects, including Los Cuarentas, La Union, El Valle, Llano del Nogalo and El Pima (Note 9 (k&l)).

(Expressed in Canadian Dollars)

12. Capital stock and reserves (continued)

Share purchase and finders' warrants

	Number of warrants	Weighted average exercise price
Outstanding warrants, September 30, 2018	3,204,767	$ 0.85
Issued	17,516,875	0.22
Expired	(3,204,767)	0.85
Outstanding warrants, September 30, 2019	17,516,875	0.22
Exercised as of August 14, 2020	(3,555,343)	0.22
Exercised as of September 30, 2020	(663,600)	0.22
Outstanding warrants, September 30, 2020	13,297,932	$ 0.22

Capitan is liable to issue shares pursuant to the Arrangement, whereby a holder exercises a Riverside warrant they will be entitled to receive one new Riverside common share and 0.2594 of a Capitan common share. The exercise price of the Riverside warrants will remain the same; however, Riverside will need to compensate Capitan for each Capitan common share that is issued on exercise of a Riverside warrant. During the year ended September 30, 2020, 601,100 of Riverside's warrants were exercised, as a result, Capitan issued 155,923 common shares and Riverside compensated Capitan for $30,055 (included in accounts payable and accrued liabilities).

The incremental fair value of 22,000 finders' warrants repriced during the year ended September 30, 2020, as result of the Arrangement, was estimated to be $768 on the modification date using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free interest rate – 0.27%, Expected life – 0.59 year, Expected volatility - 114.05%, Expected dividend yield – Nil, Weighted average fair value per warrant - $0.30.

As at September 30, 2020, 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
03/19/2021	*13,297,932	0.47	$ 0.22
	13,297,932	0.47	$ 0.22

*For 12,375,932 of the warrants outstanding, in the event that after July 20, 2019, the closing price of the Company's shares trades at a volume weighted average price (VWAP) greater than or equal to $0.45 for 10 consecutive trading days, the Company can elect to accelerate the expiry date of the warrants via a press release wherein the warrants will expire on the 30th trading day after the date of the press release's issuance.

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 Bonus Plan puts the number of bonus shares that may be issued under the Bonus Plan to be 400,000 common shares per year. During the year ended September 30, 2020, nil (2019 - 265,000) 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 400,000 that may be issued as bonus shares that have not been so issued as at the date of grant. Options are non-assignable

(Expressed in Canadian Dollars)

12. Capital stock and reserves (continued)

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.

Share-based payments relating to options vested during the year ended September 30, 2020, using the Black-Scholes option pricing model was $228,800 (2019 - $96,397), of which $93,455 was associated with the incremental fair value of stock options repriced as a result of the Arrangement. The associated share-based payment expense for the options granted during the year was calculated based on the following weighted average assumptions:

	2020	2019
Forfeiture rate	0.00%	0.00%
Estimated risk-free rate	1.32 %	1.33 %
Expected volatility	84.38%	82.34%
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	5.00 years	5.00 years
Fair value per option granted	$ 0.09	$ 0.12

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, 2018	3,201,000	$ 0.29
Forfeited	(140,500)	$ 0.31
Granted	785,000	$ 0.17
Outstanding options, September 30, 2019	3,845,500	$ 0.26
Expired	(723,000)	$ 0.27
Granted	1,415,000	$ 0.14
Exercised	(667,000)	$ 0.15
Outstanding options, September 30, 2020	3,870,500	$ 0.18

During the year ended September 30, 2019, 140,500 stock options were forfeited.

During the year ended September 30, 2020, 723,000 stock options expired unexercised.

During the year ended September 30, 2020, 667,000 stock options were exercised.

On January 8, 2019, the Company granted 785,000 incentive stock options (the "Options") to certain directors, officers and consultants of the Company. The Options are exercisable at $0.17 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.

On November 15, 2019, the Company granted 1,265,000 incentive stock options (the "Options") to certain directors, officers and consultants of the Company. The Options are exercisable at $0.135 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.

(Expressed in Canadian Dollars)

12. Capital stock and reserves (continued)

On March 27, 2020, the Company granted 150,000 incentive stock option (the "Options") to certain consultants of the Company. The Options are exercisable at $0.16 per share for a period of five years from the date of grant. Options granted to consultants vest in four equal installments over 12 months.

As at September 30, 2020, 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
01/07/2021	457,500	0.27	$ 0.11	457,500
12/16/2021	935,000	1.21	$ 0.32	935,000
11/03/2022	688,000	2.09	$ 0.21	688,000
01/08/2024	585,000	3.27	$ 0.13	585,000
11/15/2024	1,055,000	4.13	$ 0.11	687,083
03/27/2025	150,000	4.49	$ 0.12	75,000
	3,870,500	2.49		3,427,583

*According to the Arrangement with Capitan on August 14, 2020, each Riverside Option were exchanged for one Riverside Replacement Option to acquire one New Riverside Share and one Capitan Option to acquire 0.2594 of a Capitan Share. As a result, the above exercise prices have been properly reflected to the new Riverside Replacement Option prices.

13. Income taxes

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

	2020	2019
Income (loss) for the year	$ 2,631,544	$ (1,310,831)
Expected income tax expense (recovery)	$ 711,000	$ (354,000)
Share issue costs	-	(46,000)
Change in statutory, foreign tax, foreign exchange rates and other	(247,000)	(134,000)
Permanent difference	(825,000)	444,000
Tax impact of gain on spin-out	473,000	-
Impact on prior year provision per statutory tax return and expiry of non-capital losses	24,000	452,000
Change in unrecognized deductible temporary differences	(136,000)	(362,000)
Total income taxes	$ -	$ -

(Expressed in Canadian Dollars)

13. Income taxes (continued)

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

	2020	2019
Deferred tax assets (liabilities)		
Non-capital losses	$ 1,547,000	$ 1,815,000
Equipment	-	75,000
Exploration and evaluation assets	(1,547,000)	(1,890,000)
	$ -	$ -

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, 2020	**Expiry dates**	**September 30, 2019**	**Expiry dates**
Share issue costs	$ 138,000	2041-2044	$ 209,000	2040-2043
Allowable capital losses	-	N/A	1,002,000	N/A
Non-capital losses	10,752,000	See below	10,412,000	See below
Capital assets	433,000	N/A	131,000	N/A
Exploration and evaluation assets	557,000	N/A	739,000	N/A
Marketable securities	983,000	N/A	839,000	N/A
Canada	9,360,000	2027-2040	9,232,000	2027-2039
USA	5,000	2032-indefinitely	16,000	2032-2036
Mexico	1,387,000	2026-2030	1,164,000	2026-2029

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

(Expressed in Canadian Dollars)

14. Related party transactions

The Company entered into the following transactions with related parties:

Payee / Payer	Nature of transactions	Year ending September 30,	Fees (Income) ($)	Shares ($)	Amount payable (receivable) at year end ($)
Arriva Management Inc.	Management and consulting fees (i)	2020 2019	249,997 250,440	Nil 18,000	7,736 45,603
GSBC Financial Management Inc.	Management and consulting fees (i)	2020 2019	96,000 96,000	Nil 9,000	Nil Nil
Alberto Orozco	Consulting fees (i)	2020 2019	93,468 68,750	Nil Nil	Nil Nil
Omni Resource Consulting Ltd.	Consulting fees (i)	2020 2019	120,000 107,500	Nil 9,000	Nil 16,699
Brian Groves	Director fees(ii)	2020 2019	12,000 12,000	Nil Nil	Nil Nil
James Clare	Director fees(ii)	2020 2019	Nil 3,000	Nil Nil	Nil Nil
Carol Ellis	Director fees(ii)	2020 2019	12,000 12,000	Nil Nil	Nil Nil
Walter Henry	Director fees(ii)	2020 2019	12,000 12,000	Nil Nil	Nil Nil
First Helium Inc.	Rent (iii)	2020 2019	(24,000) (16,000)	Nil Nil	(2,100) (16,800)

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, 2020 and 2019 are as follows:

	2020	2019
Directors' fees (ii)	$ 36,000	$ 39,000
Management and consulting fees (i)	559,465	522,690
Performance bonus shares	-	36,000
Share-based payments	131,506	66,012
	$ 726,971	$ 663,702

(i) Management and consulting fees of the key management personnel for the year were allocated as follows: $108,000 (2019 - $108,000) expensed to consulting fees, $344,068 (2019 - $414,690) capitalized to exploration and evaluation assets and $107,397 (2019 - $nil) capitalized to exploration work performed for alliances that will be reimbursed.

(ii) Starting from January 1, 2019, James Clare, director, agreed not to receive director fees from the Company and waived $26,846 in amounts owed to him from the Company. As a result, the Company recognized a gain on debt settlement of $26,846 during the year ended September 30, 2019.

(iii) Starting from February 2019, the Company agreed to share their office space with First Helium Inc. ("First Helium"), a company with a common officer with the Company. During the year ended September 30, 2020, the Company recognized rental recovery of $24,000 (2019 - $16,000) from First Helium, which was recorded in other income.

(Expressed in Canadian Dollars)

14. Related party transactions (continued)

On November 30, 2019, the Company received 300,000 pre-consolidated shares of First Helium Inc. to settle $21,000 in debt. On September 8, 2020, the Company acquired an additional 472,500 pre-consolidated shares of First Helium Inc. at $0.04 per share by paying cash of $18,900. Please refer to Note 5 & Note 16 (a) for additional details.

15. 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. Geographical information is as follows:

	September 30, 2020	September 30, 2019
Equipment		
Canada	$ 5,628	$ 7,418
Mexico	226,383	165,832
	232,011	173,250
Exploration and evaluation assets		
Canada	2,238,866	138,586
Mexico	2,979,081	6,298,353
	5,217,947	6,436,939
Total	$ 5,449,958	$ 6,610,189

16. Supplemental disclosure with respect to cash flows

	September 30, 2020	September 30, 2019
Cash	$ 4,453,401	$ 2,647,409
Cash equivalents	135,177	796,587
	4,588,578	3,443,996

The significant non-cash transactions for the year ended September 30, 2020 were as follows:

a) The Company received 300,000 First Helium Inc. shares at a value of $21,000 as settlement of debts for the previous rental recovery from February to November 2019, which was recorded as other income. (Note 5(6))
b) The Company issued 400,000 common shares at $56,000 for the Cecilia Project (Note 9(f)).
c) The Company received 1,500,000 Carlyle Commodities Corp. ("Carlyle") shares valued at $450,000 as exploration and evaluation assets recoveries (Note 9 (f)).
d) Included in accounts payable was $26,756 in exploration and evaluation asset expenditures.

The significant non-cash transactions for the year ended September 30, 2019 were as follows:

a) The Company issued 265,000 common shares at a value of $47,700 to certain executive officers and consultants in accordance with the Company's bonus share plan. The amount was capitalized to exploration and evaluation assets.
b) The Company issued 300,000 common shares valued at $51,000 for the Cecilia Project (Note 9(f)).

16. Supplemental disclosure with respect to cash flows (continued)

c) The Company received 1,000,000 Sinaloa Resources Corp. shares valued at $100,000 as exploration and evaluation asset recoveries (Note 9 (c)).

d) The Company issued 28,000 finder's units issued with a fair value of $1,610 as share issuance costs.

e) The Company issued 150,000 common shares valued $24,000 for the Los Cuarentas, La Union, El Valle, Llano del Nogalo and El Pima Projects (Note 9(k&l)).

f) Included in accounts payable was $86,215 in exploration and evaluation asset expenditures.

17. 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 and exploration 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, 2020. The Company is not currently subject to externally imposed capital requirements.

18. 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 and government loan approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's cash and cash equivalents and public company short-term investments, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities. Financial instruments valued at level 2 inputs consist of the Company's private company short-term investments. The key assumptions driving the valuation of the private company short-term investments include, but are not limited to the value of completed financings by the investee.

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.

18. Financial instruments (continued)

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, 2020, the Company had cash and cash equivalents of $4,588,578 to settle current liabilities of $2,626,074. 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, 2020, the Company had investments in short-term deposit certificates of $23,000.

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.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, and accounts payable and accrued liabilities that are denominated in US dollars (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 loss for the period by $445,089.

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 $219,497.

19. Mexico tax liability

During the year ended September 30, 2019, the Company received a final verdict of a lawsuit against the Government of Mexico. The funds provided by the Company to its wholly-owned subsidiary Riverside Resources Mexico S.A. de C.V. ("RRM") in fiscal 2010 were deemed to be income. The Mexican tax authority passed a decision to impose a lien on RRM's assets and a tax penalty of $1,131,026 on RMM. Accordingly, the Company recorded a tax penalty totaling $1,131,026. The Mexican tax authority has not enforced the lien and the lien does not impede RRM's ability to carry out its business operations.

(Expressed in Canadian Dollars)

19. Mexico tax liability

As at September 30, 2020, the Company recognized $990,184 (2019, $1,103,819) as provision liability as a result of the foreign exchange movement. The Company is currently negotiating with the tax authority on a settlement.

20. Subsequent events

Subsequent to the year ended September 30, 2020, 212,500 stock options expired unexercised.

On October 19, 2020, the Company granted 1,330,000 incentive stock options (the "Options") to certain directors, officers and consultants of the Company. The Options are exercisable at $0.30 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.

On January 5, 2021, the Company sold 700,000 shares of Arizona Metals Corp. for net proceeds of $712,053.

As of January 28, 2021, the Company issued 125,000 common shares for the exercise of warrants for net proceeds of $21,250.

As of January 28, 2021, the Company issued 567,500 common shares for the exercise of options for net proceeds of $62,925.

On December 9, 2020, the Company entered into an option agreement, signing a Definitive Agreement with Upper Canada Inc. whereby Upper Canada could acquire up to a 100% undivided interests in the La Silla Property, a silver-gold project, by paying $500,000 in cash, issuing 10,600,000 common shares and incurring exploration expenditures of $20,000,000 over a four-year period as follows:

Due Date	Cash	Common shares	Exploration expenditures	Percentage earned
September 11, 2020 (signing of LOI)		600,000 (received)	-	-
December 9, 2020	*$50,000	5,000,000(received)	-	-
March 9, 2021	$50,000	2,500,000	-	-
June 9, 2021	$75,000	2,500,000	-	-
December 9, 2021	$150,000	-	$5,000,000	51%
December 9, 2022	$100,000	-	$2,500,000	60%
December 9, 2023	$50,000	-	$7,500,000	-
December 9, 2024	$25,000	-	$5,000,000	100%

*As at January 28, 2021, the Company has not received the $50,000 cash payment and the Company is actively under negotiation with Upper Canada to ensure the agreement is still in good standing.

RIVERSIDE RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

INTRODUCTION

The management 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 year ended September 30, 2020. In order to better understand the MD&A, it should be read in conjunction with the audited financial statements and related notes for the year ended September 30, 2020. 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 28, 2021 and in Canadian dollars unless otherwise stated.

Additional information relating to the Company, including its Information Circular for the financial year ended September 30, 2020, 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 evaluation company 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 where the technical team collectively has more than 100 years of exploration experience and has been part of more than five discoveries that have gone into production.

The Company combines the experience of mine discoverer John-Mark Staude (President, CEO, Director), Freeman Smith (Vice President Exploration), and Alberto Orozco (VP Corporate Development) 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.

HIGHLIGHTS OF EVENTS OCCURING DURING AND SUBSEQUENT TO SEPTEMBER 30, 2020

Plan of Arrangement

On October 30, 2019, the Company incorporated a new subsidiary, Capitan Mining Inc. ("Capitan") and Rios DE Suerte S.A de C.V., another new subsidiary was incorporated on November 29, 2019 in order to facilitate a plan of arrangement ("Arrangement") whereby the Company's 100% interest in the Peñoles Project was spun out to Capitan.

On August 14, 2020, the Company transferred its 100% interest in the Peñoles Project and completed the Arrangement to spin out the shares of Capitan to the shareholders of Riverside. Pursuant to the Arrangement, holders of common shares of Riverside on August 13, 2020 received one new common share of Riverside (each, a "Riverside Share") and 0.2594 of a Capitan share (each, a "Capitan Share") for each common share held.

The carrying value of the net assets transferred to Capitan, pursuant to the Arrangement, consisted of the following assets:

Assets	$
Carrying value of exploration and evaluation assets	**1,082,717**
Fair value of net assets transferred	**3,500,000**
Gain on transfer of spin-out assets	**2,417,283**

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the distribution of net assets to Riverside shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the consolidated statement of comprehensive income (loss).

The Arrangement resulted in a reduction of share capital amounting to $3,500,000.

Under the terms of the Arrangement, each issued and outstanding Riverside option and warrant has been adjusted to compensate the option and warrant holders for the assets spun-out. The exercise prices of the Riverside replacement stock options and warrants were adjusted based on the proportional market value of the two companies after completion of the Arrangement

Sale of short-term investments

On November 13, 2019, the Company sold 4,400,000 shares Arizona Metals Corp. for net proceeds of $784,207

On May 1, 2020, the Company agreed and sold 900,000 shares of Arizona Metals Corp. to a third party for net proceeds of $450,000.

On July 27, 2020, the Company sold all 1,000,000 shares of Silver Viper Minerals Corp. and 500,000 shares of Arizona Metals Corp for net proceed of $748,326.

On January 5, 2021, the Company sold 700,000 shares of Arizona Metals Corp. for net proceeds of $712,053.

Option payments and exploration advances

On June 17, 2020, the Company entered into a Definitive Option Agreement (the "Agreement") with Minera Hochschild Mexico, S.A. de C.V. ("Hochschild"), a wholly-owned subsidiary of Hochschild Mining PLC for the Company's 100% owned Los Cuarentas Gold-Silver Project (the "Project"). On July 20, 2020, the Company received US$90,467 on signing the Agreement and to reimburse the Company for prepaid maintenance fees. Subsequently, the Company received US$312,614 as exploration advances for the period from July to September 2020 generation exploration on July 27, 2020. On November 9, 2020, the Company received US$228,699 as exploration advances for generation exploration during the period from October to November 2020. On January 6, 2021, the Company received US$173,604 as the recovery of exploration expenditures incurred during the period from October to November 2020. Please refer to the section of "OPERATIONS" for details.

On July 15, 2020, the Company entered into a Definitive Option Agreement with Carlyle Commodities Corp. ("Carlyle") whereby Carlyle could acquire a 100% interest in the Cecilia Property, a silver-gold project, by paying $200,000 in cash, issuing 1,500,000 common shares and 3,000,000 special warrants, and incurring exploration expenditures of $2,500,000 over a three-year period while retaining a 2.5% Net Smelter Royalty (NSR). On June 23, 2020, the Company received $10,000 on signing of LOI. Subsequently, the Company received 1,500,000 common shares and 3,000,000 special warrants on July 13, 2020 as well as received $40,000 as per Option Agreement on July 16, 2020. On August 17, 2020, the Company received $150,000 as exploration advance for the general exploration during the period from July 15 to September 30, 2020. On November 24, 2020, the Company received $200,000 as exploration advance for the general exploration during the period from October to December 2020. Additionally, the company received $400,000 as exploration advance for the general exploration during the period from January to April 2021. Please refer to the section of "OPERATIONS" for details.

On December 9, 2020, the Company entered into an option agreement, signing a Definitive Agreement with Upper Canada Inc. ("Upper Canada") whereby Upper Canada could acquire up to 100% undivided interests in the La Silla Property, a silver-gold project, by paying $500,000 in cash, issuing 10,600,000 common shares and incurring exploration expenditures of $20,000,000 over a four-year period. On September 11, 2020, the Company received 600,000 shares of Upper Canada with a fair market value of $nil. On December 9, 2020, the Company received additional 5,000,000 common shares as per option agreement. Please refer to the section of "OPERATIONS" for details.

Options and warrants exercise

As of January 28, 2021, the Company issued 125,000 common shares for the exercise of warrants for net proceeds of $21,250.

As of January 28, 2021, the Company issued 567,500 common shares for the exercise of options for net proceed of $62,925.

CAPITAL STOCK

As at September 30, 2020, the Company had $24,961,986 in capital stock and 68,127,131 common shares outstanding.

Shares issued for mineral property

On January 31, 2020, the Company issued 400,000 common shares with a fair value of $56,000 to Gunpoint in accordance with the letter agreements for the completion of the Cecilia property purchase.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the year ended September 30, 2020 included the following:

(a) 723,000 stock options expired unexercised

(b) 1,265,000 options were granted, exercisable at a price of $0.135 per common share for a period of 5 years.

(c) 150,000 options were granted, exercisable at a price of $0.16 per common share for a period of 5 years.

(d) 667,000 options were exercised for net proceed of $100,561

Stock option and performance bonus share activity for the year ended September 30, 2019 included the following:

(a) 140,500 options were forfeited.

(b) 785,000 options were granted, exercisable at a price of $0.17 per common share for a period of 5 years.

(c) 265,000 bonus shares issued at a fair value of $47,700 to certain executive officers and consultants.

Warrants

During the year ended September 30, 2020, the Company issued 4,218,943 common shares for the exercise of warrants for proceeds of $898,112. As at the year ended September 30, 2020, there was $13,750 in share subscription receivable for the exercise of warrants.

There were 13,297,932 share purchase warrants outstanding as September 30, 2020 (2019 – 17,516,875).

OPERATIONS

The Company's exploration team remains active in Mexico and Canada. The Company has added four gold projects in Ontario, Canada continuing 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 exploration partners funding programs that focus on gold, silver and copper and is seeking new partnerships in Ontario, Canada where the company has added projects in the Beardmore Geraldton Greenstone Gold Belt.

Strategic Funding Agreement with BHP in Sonora, Mexico

On May 16, 2019, the Company signed of a two-year, US$2,000,000 Exploration Financing Agreement with BHP Exploration Chile SpA ("BHP") for the funding of generative exploration in the copper producing belt of Mexico (the "Program"). The Program focuses on identifying and developing exploration opportunities for new large copper discoveries within an Area of Interest ("AOI") using Riverside's technical knowledge base of copper systems and strong generative exploration team strategically based in Hermosillo, Sonora. BHP and Riverside pool their data, including decades of historical work into an integrated database. Riverside leverages geophysical, geochemical and geological technical platforms into a new targeting synthesis to complete tenure acquisitions and this program continues.

BHP will fund US$1,000,000 on an annual basis for a minimum of two (2) years for generative grass-roots exploration within northeastern Sonora in the region of many copper deposits and some very large copper operations. The exploration area being explored is in the central part of the Laramide Copper Belt that continues northward into Arizona and New Mexico, hosting numerous large, Tier 1 copper deposits. For example, the third largest copper mine in the world, the Buenavista del Cobre Operations in Cananea, is located within the AOI.

Properties that are identified and deemed to be of interest will become Defined Projects ("DPs"), which will move to a second phase of the Program whereby BHP would fund up to an additional US$5,000,000 of exploration work and make success fee payments to Riverside on a per project basis (see "Exploration Funding Agreement" below).

Exploration Funding Agreement

Overview

The two-year, US$2,000,000 Exploration Financing Agreement was signed on May 15, 2019. The Program will target projects containing primarily copper, with the objective of advancing quality copper prospects through three (3) distinct stages: Project Generation Phase, Project Operation Phase and Joint Venture Stage.

Project Generation Phase (I)

During the Project Generation Phase, Riverside will act as the operator and earn a monthly fee plus 10% on internal activities and 5% on third party external contractor work with an estimated US$85,000/month for generative work. Riverside's technical team will carry out generative exploration and work up targets with the aim of moving prospects toward the Project Operation Phase (II).

Project Operation Phase (II)

A prospect that is advanced to the Project Operation Phase will become a DP and will trigger a success fee of US$200,000 payable to Riverside for each prospect so advanced. Riverside can earn a bonus of an extra US$200,000 if at least three projects are progressed to DP making a total of US$800,000 in DP success fees. BHP will fund up to US$5,000,000 for drilling and further exploration on each DP, having the option to become the operator of such DP. Riverside has the option to contribute between 10% and 20% of the exploration expenditures ("Riverside's Contribution to Expenses") during this phase, with BHP funding the balance (80-90%) should Riverside elect to participate. BHP may discontinue funding with respect to a specific DP at any time in which case Riverside would be entitled to 100% interest in the project and depending on the funds expended to date, BHP may retain a net smelter returns royalty interest.

Joint Venture Stage (III)

BHP may elect to advance a DP to the Joint Venture Stage, at which time title to the project would be transferred to a joint venture company and the parties would enter into a formal joint venture partners' agreement. If Riverside's cash contribution reaches a minimum of 10% in Phase (II), the Company's deemed initial interest in the joint venture company will be 20%. If Riverside's Contribution to Expenses to a DP is less than 10%, Riverside will have no interest in the Joint Venture. For each DP that is advanced to the Joint Venture Stage, Riverside will be entitled to a success fee of US$1,500,000 if Riverside's Contribution to Expenses to a DP is at least 10% and US$300,000 if it is less than 10%. At the point of Joint Venture formation, with respect to a DP in which Riverside has at least a 10% interest, (a) Riverside may sell its interest earned as a result of its Contribution to Expenses to BHP at the rate of US$100,000 for each 1% interest sold; and (b) BHP may purchase the difference between 20% and Riverside's actual Contribution to Expenses at the rate of US$300,000 for each 1% interest purchased.

Operational Details

A Technical Committee ("TC") will be formed to approve Work Programs and Budgets during Phase (I) and (II). The TC will have two representatives from each of BHP and Riverside with equal voting powers for both groups for DP's operated by Riverside. For DP's operated by BHP, BHP will have the casting vote on the TC.

On January 29, 2020, the Company received an additional US$195,000 as exploration advances for the refinement exploration from January to March 2020.

On June 22, 2020 Riverside announced the continuation of the Exploration Agreement with BHP Exploration Chile SpA ("BHP") for the funding of generative copper exploration in the copper producing belt of Sonora, Mexico (the "Program"). An increase of funding for the next six months from BHP to the level of providing to Riverside US$720,000 to commence the first half of the second year of the Program to continue to grow the portfolio of copper projects. This is an increase of US$220,000 from the initial plan and better captures the interest to progress toward a Defined Project. These funds fully cover the continued generative grass-roots copper exploration and project acquisitions within the Laramide copper belt. BHP will make the following US$720,000 deposit at the next 6-month mark near the end of this calendar year.

The second year of the program provides BHP-Riverside with an opportunity to push ahead with drill targeting areas, evaluating staked mineral tenures and acquiring and exploring third party properties within the EFA ("Exploration Funding Agreement") framework. The new US$720,000 generative funds will be supplemented by additional target specific funding based on technical merit that will be able to focus on expanding and de-risking the copper portfolio Riverside and BHP are building together in Sonora, Mexico. This year the program will progress towards drill decisions with provided funding made available towards drill testing.

On June 12, 2020, the Company received US$720,000 as exploration advances for the generation exploration during the next six months (from July to December 2020) in the second year.

On September 2, 2020, the Company received US$134,635 as exploration advance for the additional gravity survey project under the first High Value Work Program ("HVWP") for the exploration expenditures incurred from September to November 2020.

On December 16, 2020, the Company received US$340,855 as exploration advance for the additional MT survey project under the second HVWP for the exploration expenditures incurred from December 2020 to March 2021.

Canada

As of the year ended September 30, 2020, the Company held 100% interest in the Kenora, Longrose, Oakes, Pichette, and Vincent projects in northwestern Ontario, Canada.

Oakes Gold Project, Northwestern Ontario

On July 29, 2019, the Company released news on staking and acquiring the Oakes Gold Project located in northwestern Ontario. Riverside's sampling at the Oakes Project has over time returned high-grade gold surface samples and integration of previous work has developed a series of drill ready targets on this road accessible project near the Trans Canada Highway 17 in the Oakes Township 2 km north of the town of Long Lac, Ontario.

Regional History

The Geraldton region has a long and rich mining history and has produced 4.1 million ounces of gold over the past 100 years including the combined MacLeod-Cockshutt Mine, which produced 1.5 million ounces of gold up to 1970. In December of 2020, the Hardrock Project held by Greenstone Gold Mines was involved in a 4 way transaction that saw Equinox Gold and Orion Finance take over Centerra Gold and Premier Gold Mines positions elevating attention to the area by announcing their intention to mine their gold resource near Geraldton, Ontario. The deposit is fully permitted with good surrounding infrastructure, First Nation benefit agreements in place, and a scalable top-quality project with significant upside. The future mine site contains a large gold reserve of 5.5 million ounces, according to a new and revised mineral calculation. The average head grade is 1.45 grams per tonne through the first five years of a projected 14-year mine life. The development will cost almost $1 billion to build with an all-in-sustaining cost of $618 per ounce. The Oakes Project is located 20 kilometers east of the Hardrock Deposit.

Riverside's Exploration Work

Riverside's first phase of work included 29 rock samples taken from both outcrops and old trenches. The 2019/2020 work confirmed three previously identified areas and three additional target zones. There are two predominant target orientations one which trends east-west and is associated with contact zones that have been delineated by VLF (Very Low-Frequency) and IP (Induced Polarization) chargeability geophysical surveys; and a second target zones trend at 340 degrees north-west that is defined by linear magnetic lows, field geology and soil geochemistry. The past magnetic surveys conducted by previous operators is also helpful in outlining diabase dikes and geological contacts where overburden masks the underlying bedrock. Most of the old drill collars could not be located in the field, but sampling of silicified and mineralized outcrop in the general area of the old drill collars returned anomalous (0.5-1.0 g/t) results for gold, suggesting the right geological environment and rationale for the historical drilling. Riverside's sampling program focused on the area of the soil anomalies and trenches conducted by Golden Chalice Resources in 2010-12.

Historical geophysical work appears to show a direct correlation with the WNW trend of the high-grade gold samples taken to date. VLF (Very Low-Frequency) work conducted in the 1990s was used to delineate linear features and outlined geological contacts, faults, and mineralized veins. At Oakes, the VLF anomalies trend east-west at about 100 degrees subparallel to geological contacts. This recent work appears to show that one of two holes drilled in 1993 intercepted the HG zone at a depth of 117 m below the surface showing. Hole (GL-93-2) drilled by Greater Lenora Resources Corp (GLR) in 1993 was located to test a soil geochem anomaly of 880 ppb Au. The hole was collared at dip -45 degrees at an azimuth of 180 degrees and drilled to a total depth of 154.9 m. This hole intersected a semi massive pod (approx. 8.2 m in core length) of pyrrhotite and pyrite (trace chalcopyrite) within a greater volume of quartz veins and silicification with 9 g/t gold assayed over 1.5 m within this 8.2 m interval.

The induced polarization (IP) work was conducted in 2010 following the soil sampling and drilling from the 1990s. The IP work produced a similar geophysical trend to the earlier VLF survey showing a 900 m long chargeability anomaly that aligns with Riverside's surface rock sampling. The geophysical survey work shows that the mineralization may extend both east and west along strike from Trench #1.

HG Target

Trench #1 in particular showed several shears, the largest being 3 m wide and exposed over an 80 m long strike within the trench. Two quartz-carbonate shears were sampled by Riverside in Trench #1. These shears are within mafic volcanic bedrock with sulphide mineralization primarily pyrrhotite and pyrite. Two of the five samples taken from this trench returned 19.7 and 31.9 g/t gold. Another sample 30 m to the east returned 6.9 g/t gold and an additional sample 275 m along trend returned 1 g/t gold. These Riverside samples are on trend with drill hole GL-93-2, drilled by Greater Lenora Resources Corp. in 1993 which returned >3 g/t gold within sheared metavolcanics rocks. Riverside believes this drill intercept and the trench samples demonstrate a 400 m strike length for the HG Target that could extend, based on interpretation of geology and geophysics for 2 km in total strike length, which will be confirmed with follow up field exploration studies. Subsequent mapping and sampling in 2020 indicate that the gold mineralization in Trench #1 likely continues along strike to the east to Trench #3, 600^{+}m to the east. This conclusion is supported through coinciding anomalies in both VLF and IP geophysical surveys.

Brinklow Target

Similar parallel targets were delineated to the south of the more defined HG Target. These zones are oriented roughly east-west and coincident with VLF, IP chargeability and soil geochemistry anomalies. The Brinklow zone may align with the historical hole DDH50-01 which intersected anomalous gold (>3 g/t) within mafic volcanics at only 7.6 m downhole. Bedrock mapping in 2020 indicates that these anomalies coincide with a mostly covered shear within metavolcanic rocks.

Crib Target

The southernmost target roughly parallels the main access Crib Road closer to the southern boundary to the project. This largely geophysical anomaly coincides roughly with the geological boundary between metavolcanic and metasedimentary rocks and partially with a gold-in-soil anomaly. Bedrock mapping in this area in 2020 indicates the structural geology in this area is very complex being juxtaposed to the Croll Lake Stock and older ultramafic rocks. The contacts between the metavolcanic, metasedimentary, ultramafic, and granitic rocks show strong but limited alteration with silicification extending over a larger area.

Two other N-NW trending targets were also identified. One of these targets is identified by historical drill holes #1, #3 and #4, which all returned anomalous gold intercepts >3 g/t gold (OGS, website). One grab sample by Riverside south and on trend from these holes returned anomalous gold (0.7 g/t) and may define another target area. The trend of this zone is the same as another zone identified near the eastern boundary. This ‘eastern structure’ target is delineated by a strong linear magnetic low, interpreted as a fault, and a large, coincident north-south trending gold in soil anomaly. The bulk of this area is covered by thick organic and swamping ground.

The Third Phase of Oakes Work Reported February 2020:

On February 27, 2020 Riverside reported that the Company has doubled the land tenure at its Oakes Project and that it had reprocessed the geophysical IP data and completed an inversion study. The 2010 IP survey was followed by a trenching campaign that identified three mineralized shears coincident with VLF geophysical anomalies. Bedrock mapping in 2020 focused on traversing along the geophysical anomalies to ascertain the nature and possible reason (source) of the anomalies. In the case of the most defined target, the HG target, fieldwork indicates the IP/VLF anomaly is located on a large shear hosting quartz carbonate veins along the contact between metavolcanic and gabbroic rocks. Similarly, the Brinklow and Crib targets are located within shears at/along major geological contacts, part of the central panel of the Beardmore-Geraldton Greenstone Belt.

Longrose Gold Project, Northwestern Ontario

In February 2020 Riverside integrated the surface geochemistry with structural geology of the known mineralized structures and completed targeting work at the Project. The main shear zones are associated with anticlinal and synclinal hinges and axial planes similar to the near by former mine operations. At Longrose and elsewhere in the district the interbeds of banded iron formation provide a reductant trap for ore fluids and gold where structures cut the banded iron formation. Riverside’s mapping at Longrose has been compiled and integrated into GIS which shows that folding is a key control and provides targets for near term drilling. Mineralization on surface is delineated through mapping and tracing within the subsurface through past drilling in the area along. Fold zones show silicification within the metasedimentary rock similar to that found at the Leitch Mine and more generally in the Greenstone Belts of Ontario.

Integration of historical geophysics indicates a trend of structures subparallel to the strike of geological units generally southwest-northeast which fit regional controls in the belt. Geophysical magnetic lows parallel strong magnetic highs which is mapped as the southern iron formation and provides a target that can be tracked downward to illuminate folding controls. As well, a north-northwest trending low that intersects the magnetic high of the iron formation and another linear magnetic-low features that extend westward from the Leitch Mine provides another drill target on Longrose. Parts of the Longrose area are covered by swampy topographic lows and are believed to be associated with a recessive shear structure, part of the Beardmore Syncline. The drill targets at Longrose focus on the anticlinal hinges, cross structures and larger nonmineralized shears.

At Longrose, mineralized shear zones that host gold comprise sulfides and silicification zones that could be readily identified by a modern IP survey. IP geophysics data could be used in conjunction with the regional and detailed magnetic survey to define the four types of conceptual drilling targets developed by Riverside: (1) Strike-slip fault along which right-lateral displacement has disrupted thick iron formation units; inferred fault follows a regional volcanic-sedimentary contact, a prospective conduit for gold mineralization; (2) Trace of axial plane of westward-closing fold; possible site of shear fault that could host high-grade Au-quartz veining; (3) Trace of inferred shear structure that has evidently caused asymmetric ‘drag-fold’ defined by iron formation; and (4) Trace of possible shear structure denoted by ‘kink’ fold in iron formation

Pichette Gold Project, Northwestern Ontario

November 26, 2019, Riverside announced the progression of the Company’s Canadian business growth model with the acquisition of the Pichette Gold Project (the “Project”) near Jellicoe, part of the Beardmore-Geraldton Greenstone Gold Belt in northwestern Ontario. Pichette marks the third high-grade orogenic gold prospect generated by Riverside in 2019. Fieldwork at Pichette included prospecting, mapping and surface sampling of target regions traceable from regional aeromagnetic data and outcrop mapping. Pichette is located to the east of the former producing Hardrock Gold Mine (“Hardrock”).

The Pichette Project is located in the Vincent Township at Nezah and Canadian National Highway 11 about 60 km west of the mining town of Geraldton, Ontario. The Project covers part of the well-endowed Beardmore-Geraldton Greenstone Belt region. The Vincent Township is 28 kilometers east of the Beardmore and the Leitch Mine which produced 850,000 ounces of gold at an average grade of about one ounce per ton[1].

Riverside’s first phase of work included reviewing the historical core and old gold workings in addition to prospecting, mapping and sampling. The recent work confirmed two previously identified gold mineralized areas in addition to new mineralized zones. There are two predominant target orientations on the project one which trends east-west and is associated with large shears related to banded iron formation and contact zones; and a second target trend that strikes at 030 degrees northeast and is defined by cross-cutting faults and/or dikes. Past magnetic surveys have been helpful in outlining banded iron formation, diabase dikes and geological contacts where overburden masks the underlying bedrock. Several of the old drill collars were located and the core from a 1983 diamond drilling campaign was reviewed at the Ministry of Northern Development and Mines core warehouse in Thunder Bay which is available for future review and sampling.

Pichette Targets Updated:

In 2020, additional work on Pichette by Riverside refined the two main areas of gold mineralization along the contact with metasedimentary rocks and banded iron formation. There are several 3m wide shear zones defined by strongly foliated (phyllitic) material which is undrilled and provides immediate targets. At Pichette gold is typically associated with larger folds. These folds plunge gently to the west within larger panels that dip to the south similar to the mineralization noted at the Hardrock Deposit in Geraldton. This similar structural setting at Pichette makes the Hardrock deposit a good analog for target modelling and for further studies.

[1] *Ontario Geological Survey – Open File Report 5823*

Mexico

Millrock Property Package, Sonora

On June 26, 2019, Riverside announced it had entered into a binding Letter Agreement, signed on June 25, 2019 to purchase a 100% undivided right, title and interest in five (5) projects from Millrock Resources Inc. Los Cuarentas, La Union, El Valle, Llano de Nogal and El Pmia were acquired by Riverside. Of these the priority project initially is Los Cuarentas which was then explored by Riverside and progressed toward a joint-venture spending partnership.

Los Cuarentas Gold-Silver Project

The Los Cuarentas Project is located 170 km northeast of Hermosillo and nearby Silver Crest Metal's Las Chispas Project and Premier Gold's Mercedes mine. Los Cuarentas is a low sulfidation epithermal Au and Ag target characterized by strong argillic and phyllic alteration surrounding low sulfidation epithermal veins that host gold and silver mineralization. Several target zones have been identified and most are ready for drilling such as: Santa Rosalia, Santa Rosalia Sur, El Sombrero and El Chapo.

La Union Gold Project

La Union in western Sonora is part of the orogenic gold belt and has chemistry and geology indicative of high potential new discoveries. The old mining areas have not been drill explored and the broader structures are wide open for further expansion. There are high grade structure for gold and base metals and the district has seen previous mining in this region of western Sonora, Mexico.

El Valle Gold-Silver Project

El Valle is north of Riverside's Ariel porphyry Cu project and is a volcanic related Au-Ag vein system with a large 28-metre-wide quartz vein mined during the 1940s (small inlier claim). El Valle is located in northeastern Sonora, 26 km east of the La Caridad Mine operation complex which is Mexico's second largest copper operation and has been producing for over 100 years. This acquisition grows Riverside's tenure and progresses the Company's plan to consolidate the highest quality mineral districts to present to partners for joint venture.

Llano del Nogalo Copper Project

Llano del Nogalo is a series of claims that fit within an area where other companies are active. The porphyry Cu prospecting and nearby drilling has intersected geologically permissive rocks and Riverside will look to form a partnership to consolidate the district.

El Pima

El Pima is a concession inside of the Agnico Eagle owned Santa Gertrudis Mining Complex. Riverside will look to partner or sell the claim. El Pima contains mineralization on the tenement and requires further exploration around the sediment hosted gold mine and many open pits of Agnico Eagle.

Los Cuarentas Gold Project, Sonora, Mexico

On September 11, 2019 Riverside announced that the Millrock acquisition has been completed and summary of recent compilations and new work on the Los Cuarentas Project. Work at Los Cuarentas Project could be expanded from the previous results.

On June 17, 2020, the Company entered into a Definitive Option Agreement (the "Agreement") with Minera Hochschild Mexico, S.A. de C.V. ("Hochschild"), a wholly-owned subsidiary of Hochschild Mining PLC for the Company's 100% owned Los Cuarentas Gold-Silver Project (the "Project"). (please see full transaction details below after the targets summary)

Targets:

Santa Rosalia

The Santa Rosalia target is a mineralized structural zone extending for approximately 1 km (see press release January 20, 2020) and part of the uplifted northern block. The Santa Rosalia "vein zone" is defined as multiple sub-parallel mineralized silica-infilled fractures leading to formation of well-developed veins. Those veins can be seen in well-developed structural zones which could be as large as 8 m wide. The latest sampling program highlighted high-grade samples returning 18 g/t Au in a single 0.5 m wide vein, 2.3 g/t Au in quartz vein floats and 0.5 g/t Au along a 1 m channel sample across the entrance of an adit. Additional observation at Santa Rosalia show shallow, hydrothermal textures such as chalcedony quartz, suggesting most of the system has been preserved and likely extends to depth.

Santa Rosalia Sur

Similar to the Santa Rosalia target, the Santa Rosalia Sur target is part of the uplifted northern block. The latest mapping and sampling program highlighted and confirmed the presence of high-grade gold up to 14.8 g/t Au in hydrothermal breccia that extends 200 meters along strike. Laterally, the stockwork bordering the hydrothermal breccia returned 3 g/t Au. As previously described in the press release of January 20, 2020, the mineralized zone is affected by post-mineral faulting to the north, west and south. Although the mineralized bedrock has been dropped-down to the south, the alteration and lower grade gold (1-3 g/t) mineralization can still be traced for an additional 800 meters to the south along the trend.

El Sombrero

El Sombrero target can be defined as a northwest oriented zone of hydrothermally altered of volcanic package. High temperature alteration mineralogy as well as extensive silicification are primarily located along the El Sombrero structure and extend approximately 10 meters on each side of the fault. This observation makes El Sombrero a priority for deeper testing as it is identified as a possible feeder structure.

El Sombrero Norte

El Sombrero target is mostly covered by post-mineral andesite (see Figure 1 above), however windows of hydrothermal alteration as well as silicified rhyolite dikes indicate that historical samples have been taken along a structural feature, defined now as a new target. This structure is defined as a parallel splay of the Mine fault, which is the main host for the Santa Rosalia high-grade mineralization. Historical samples from Millrock 2017 sampling program returned the highest grade on the property 29.4 g/t Au and another 8.6 g/t Au.

El Sombrerito

El Sombrerito is a new discovery that includes old workings. Historical samples taken by Millrock in 2018 returned up to 16.5 g/t Au and 11 g/t Au from 0.5 m wide stacked veinlets. Mapping identified rhyolite dikes within a thick cover of post-mineral unit. Riverside's geologists defined the area as a new structural target, which shows potential as a parallel splay in between Santa Rosalia Sur and El Sombrero.

Santa Rosalia Norte

Approximately 450 meters to the north of Santa Rosalia additional old workings were discovered. Outcrops show steam-heated alteration mineralogy and the presence of silicified rhyolitic dikes. This area warrants more work to expand the size of the identified mineralized zone.

On January 20, 2020, **Riverside** reported on rock sampling and field work from the Project. Riverside rock samples from the Santa Rosalia Mine area s returned high grade gold grading greater than 5 g/t Au and up to 25.7 g/t Au and 119.7 g/t Ag (see **Table 1**). Riverside's exploration team mapped and sampled known historical work areas to validate the accuracy of the high-grade samples collected in the past and to confirm two of the primary targets at Santa Rosalia and Santa Rosalia Sur.

Table 1: Six Best Gold Assay Results from Riverside's Selective Sampling at Los Cuarentas

Sample #	Au (ppm)	Ag (ppm)	Target	Type	Rock
RRI-5779	25.7	4.5	Santa Rosalia	dump	breccia
RRI-5782	10.2	9	Santa Rosalia	select	andesite/veinlets
RRI-5789	6.8	65.1	Santa Rosalia Sur	1-m channel	sheeted vein
RRI-5784	6.27	119.7	Santa Rosalia	float	vein/breccia
RRI-5780	5.3	5.6	Santa Rosalia	rock chip	stockwork
RRI-5790	5.1	75	Santa Rosalia Sur	rock chip	sheeted vein

Early 2020 Further work on Cuarentas Targets:

Santa Rosalia

The Santa Rosalia mineralized zone consists of multiple sub-parallel gold-bearing low sulfide quartz veins following an east-west trend called the Santa Rosalia Mine fault. This fault extends for approximately 1 km where gold values are significant and open. Flexure of the Santa Rosalia Mine fault and fault intersections host high-grade gold bearing veins and breccia shoots. Those well-developed structural zones are typically 1 to >3 m in width and as large as 8 metres in width, where Riverside's sample returned 25.7 g/t Au in vuggy quartz vein and 5.3 g/t Au in the vein-bounded stockwork. The vein material at surface shows evidence of hydrothermal boiling with bladed quartz after calcite.

Santa Rosalia Sur

Santa Rosalia Sur is characterized by a well-defined 800 m long strike structural zone showing evidence of hydrothermal alteration. The mineralized system outcrops on top of a reddish hill with a rhyolite dome similar to key mining districts in Mexico and the structure is a sheeted set of shallow dipping veins hosted in clay altered andesitic to dacitic rocks. The observed mineralization consists of stockwork, hydrothermal breccias and sheeted quartz veins formed by a multistage silica filling with near-boiling level textures such as banded quartz veins and commonly moss and lattice textures.

The mineralization extends at surface for at least 50 metres along a northwestern trend is 30 m in width and demonstrates high-grade gold samples averaging 1.8 g/t Au**.** Two samples within sheeted veins located 25 metres apart returned 1.9 and 6.8 g/t Au from 1 m channel samples. Historical results returned multiple high-grade samples in the same area up to 14.8 g/t Au. The outcropping vein zone is bounded to the south and to the east by post-mineral faults leading to possible vertical displacement of the mineralized body.

Santa Rosalia Sur encompasses a dozen small old workings. Most of them are located along the northern end of the hill and target high-grade sheeted veins. The extent of the old workings are not currently known.

On April 21, 2020 Riverside report results from the spring 2020 program of rock-chip sampling and target mapping at the Project. Riverside collected channel samples along the primary targets and developed a better understanding of the structural setting identifying two additional vein systems and finding surface exposures with high-grade gold. The new sampling results increase the Company's confidence in the potential for Los Cuarentas project to host a near-surface, high-grade gold vein system.

In addition to the assay results, the Company also completed permitting for drilling and obtained local access agreements with the surface ranch owners enabling the project to move ahead in a positive way in the coming months. The recent sampling program included 31 new rock-chip samples and Riverside geologists took the opportunity to update and create a new geological map. The new assay results show continuity along the principal mineralized zones and included five high-grades gold.

Table 1: Top Five of 31 Gold Assay Results from Riverside's Second Sampling Program

Sample ID	Au (g/t)	Target Zone	Sample Type	Rock Type
RRI-6023	18.00	Santa Rosalia	rock chip	vein
RRI-6010	12.30	Santa Rosalia Sur	float	vein/breccia
RRI-6014	7.19	Santa Rosalia Sur	rock chip	breccia/vein
RRI-6012	2.99	Santa Rosalia Sur	rock chip	andesite/stockwork
RRI-6019	2.29	Santa Rosalia	float	vein/andesite

Los Cuarentas Option Agreement with Hochschild Mining

On June 24, 2020 Riverside announced that it had entered into a Definitive Option Agreement (the "Agreement") with Minera Hochschild Mexico, S.A. de C.V. ("Hochschild"), a wholly-owned subsidiary of Hochschild Mining PLC for Riverside's 100% owned Los Cuarentas Gold-Silver Project (the "Project"). This Agreement enables the Project to immediately move ahead with a robust exploration program and reflects the belief, by both parties, of the potential for rapid discovery of new gold-silver deposits.

The intention for the program is to move rapidly toward drill testing and build upon the targeting work that Riverside has completed to-date. Los Cuarentas hosts historical mine workings and multiple know veins, multi-gram gold sampling at surface with no known drilling.

Riverside will act as the project operator during at least the first two years of the Agreement, with the option to extend for an additional year at Hochschild's request. As operator, Riverside will be entitled to collect administration fees of 10% on contracts of less than US$100k and 5% on contracts or more than $100k and will manage the exploration program.

Transaction Details:

Phase I Earn-In Option:

- Hochschild paid Riverside US$90,467 on signing the Agreement and to reimburse Riverside for prepaid maintenance fees;
- Hochschild to incur expenditures as listed on the table below totaling at least US$8,000,000 of qualifying exploration expenditures before the fifth anniversary of the effective date of the executed Agreement.

Table 1: Phase I Earn-In Option (Qualifying Expenditures)

By June 17, 2021 1st anniversary of the Effective Date	Expenditure of US$700,000
By June 17, 2022	Expenditure of US$1,000,000
By June 17, 2023	Expenditure of US$1,000,000
By June 17, 2024	Expenditure of US$2,300,000
By June 17, 2025	Expenditure of US$3,000,000

Phase II Earn-In Option:
In order to exercise the Phase II Earn-in Option, Hochschild shall pay for all Qualifying Expenditures incurred during the Phase 1 Earn-In periods and incur an additional US$3,000,000 plus costs necessary to prepare a Feasibility Study (FS) in accordance with CIM standards before the eighth anniversary of the Effective Date.

Table 2: Phase II Earn-In Option (Qualifying Expenditures)

June 2025 – June 2026	Expenditure of US$1,000,000
June 2026 – June 2027	Expenditure of US$1,000,000
June 2027 – June 2028	Expenditure of US$1,000,000
Feasibility Study (FS)	Undefined Expenditure Amount

Upon Hochschild's completion of the Phase II Earn-In and Riverside's acceptance, the parties can form a Joint Venture with Riverside having a 25% interest, and Hochschild having 75% interest. Riverside will have the option to sell its interest in the Project to Hochschild for US$20,000,000, while retaining a 1% Net Smelter Royalty (NSR).

On October 8, 2020- Riverside announced results from the Cuarentas work program of high grade channel sampling and progressing toward drilling which would start later in October. The channel sampling was highlighted with 3.4m of 9 g/t Au at the Santa Rosalia target area. The Santa Rosalia will be the first and main initial focus for drilling at Cuarentas.

On October 27, 2020- Riverside announced the commencement of a drill program with Hochschild Mining fully funding the testing with 10 initial holes at the Santa Rosalia former mine area. The geology with complex fault structure would be tested with drill centers roughly 100m apart along 400m strike length of the Santa Rosalia vein system and Testarazo Shear Zone which is post-mineral and bounds some of the mineralization.

On December 7, trenching results were announced and summarized with high grade intercepts and complex fault structures exposed as drilling was continuing at the Cuarentas project.

Cecilia Gold Project, Sonora

The Cecilia project is located 40 km southwest of the Mexico-U.S.A. border town of Agua Prieta in Sonora, Mexico and is easily accessed by paved highway and dirt roads. The project is a low sulphidation epithermal Au-Ag rhyolite flow dome complex and is 6,897 ha (69 km^2) in size. Riverside geologic team has completed mapping of targets on the main claim areas, worked on structural geology targeting for the high grade gold zones and integrated data from the as an on-going effort to complete updated cross sections, systematic targeting and three dimensional modeling.

Option Agreement with Carlyle Commodities

On July 15, 2020 Riverside announced that it has entered into a Definitive Option Agreement (the "Agreement") with Carlyle Commodities Corp ("Carlyle"), for Riverside's 100% owned Cecilia Gold-Silver Project (the "Project"). The Agreement grants Carlyle 100% undivided right, title, and ownership to the Cecilia Project for an aggressive work program, cash payments, shares and special warrants over-time and a 2.5% NSR with Riverside managing as operator. Riverside developed several targets after consolidating claims and expanding the Project further through the Mexican lottery to grow to a consolidated ~80km^2 full tenure package.

Please see the Transaction Details section below for more information on the Agreement. The planned work program with Carlyle Commodities Corp builds upon previous sampling, mapping, and structural work that the Company completed. The soil lines combined with the 3D modeling of past drill holes and projection of the surface mapped geology to depth begins to develop a range of precious metals targets that can be tested.

The Cecilia Project

In 2017 Riverside consolidated and acquired the Cecilia Gold-Silver Project located in NE Sonora, Mexico near the US/Mexico border. The Cecilia Project is a district scale gold and silver low sulfidation epithermal system centered on multiple mineralized rhyolitic flow-dome complexes. One of the workings at the Cerro Magallanes dome returned high grades up to 133.7 g/t Au and 335 g/t Ag.In addition to the rhyolite domes epithermal type mineralization the underlying sedimentary Cabullona group and Paleozoic limestone provide an additional environment for replacement style mineralization at depth.

Since the acquisition of the Project, Riverside has completed a number of sampling programs with impressive results, it has increased the size of the Project by nearly 10x from the initial size and has recently produced new maps and identified new mineralized zones and targets at Cecilia.

Transaction Details with Carlyle Commodities Corp

Table 1: Option Payment Schedule

Payment Date	Cash Payment ($C)	Shares	Special Warrants	Cumulative exploration Expenditures
Upon execution of the LOI	$10,000 (Received)	-	-	-
Upon Closing	$40,000 (Received)	1,500,000(received)	3,000,000(received)	
12 months from Closing	$50,000	-	-	$750,000
24 months from Closing	$50,000	-	-	$500,000
36 months from Closing	$50,000	-		$1,250,000
TOTAL:	**$200,000**	**1,500,000**	**3,000,000**	**$2,500,000**

At Cerro Magallanes, one of the largest and central mineralized centers of the project work defines four main target areas with assay intervals with channel sampling including 305 samples ranging from <0.05 to 19.00 g/t Au. Sampling shows consistent gold from the top of Cerro Magallanes at the San Jose Target northeast along the Agua Prieta-North Breccia Target and through the Central and East Target areas.

Targets on Cerro Magallanes

San Jose (West Area)

The west area of Cerro Magallanes is bisected by a large northwest trending structural zone of up to 60 m wide and hosts more than half a dozen old gold mine workings. Mineralized structures show predominantly silica alteration and commonly dip steeply to the NE with widths of 10-30 m. Sampling by Cambior (1995) within the workings returned 47m @ 1.12 g/t Au along the structural zone, while sampling across the structure by Riverside returned 8m @ 1.50 g/t Au in cross cut #26. The San Jose Target strikes more than 700 m in length and has not yet been drilled, however, historical sampling by Cambior along the structure on surface returned 3 to 9 g/t gold in 2m chip channel samples. These veins show classic epithermal multigenerational opening and filling typical of feeder zones like those at the San Julian Mine in Chihuahua also of the same mid-Tertiary age.

North Breccia

The North Breccia is a wide breccia zone formed along the north margin of the main composite rhyolite dome with historic drill intercepts (Cambior DDH 138-95-08) of 30.4 m @ 1.41 g/t Au). Rock channel sampling by Riverside's returned 10m @ 3.34 g/t Au (both ends remain open).

The North Breccia extends upslope to the southwest more than 600 m merging with the Agua Prieta Zone and intersecting the San Jose NW trending Target Zone at the topographic peak of the dome complex. The North Breccia was historically rock chip channel sampled, returning good gold grades. The intersection of the North Breccia and the San Jose structure remain a top priority for drill testing. At the North Breccia and elsewhere on Cecilia the rhyolite dome is the main host unit where gold mineralization has been predominantly found in the breccia matrix. The North Breccia target is typical of dome margin breccias and is like deposits found in Peru, Bolivia, and Colorado where gold is largely hosted in the matrix. These deposit types are favorable hosts for bulk mining scenarios.

Agua Prieta Target (striking NE)

The Agua Prieta and North Breccia form a somewhat continuous zone of gold-bearing silicified breccia that extends northwest, downslope from its intersection with the San Jose target to mid-slope of Cerro Magallanes. Sampling on the dome margin here shows anomalous values and frequent higher-grade gold zones in silicified and brecciated rhyolitic rock. The new channel sampling has delineated the drill target that lies above the North Breccia. This target begins near surface and extends downward toward the subvolcanic conglomerate and sediments outcropping near the base of Cerro Magallanes. Cerro Magallanes overall appears analogous to the Pitarilla deposit in Durango, Mexico. Pitarilla hosts >500M Oz Ag grading approximately 100 g/t silver. Pitarilla was discovered by the exploration team at Silver Standard (now SSR Mining Inc.), which included Ron Burk, Technical Advisor to Riverside Resources.

The Agua Prieta target has potential to host high-grade structural gold mineralization along the margins of the dome feeder zones and is supported by sampling at the North Breccia Target which returned: 10m @ 3.34 g/t Au and 5m @ 4.04 g/t Au.

Central Target area

The Central Target has undergone small-scale open pit and focused underground mining. Historical underground rock-chip channel sampling by Cambior (1995) in this area returned: 14m @ 2.44 g/t Au. Riverside surface channel sampling on the Central Target returned 3.5m @ 2.7 g/t Au and 11m @ 0.84 g/t Au. Geochemistry sampling by Riverside where prior work largely did not assay for trace elements shows elevated values in Te, As, F, Pb and Mo which is typical within highly magmatically evolved rhyolite domes. This geochemistry is similar to mining camps in Fresnillo, Zacatecas, and Guanajuato in the Mesa Central and Sierra Madre Occidental dome fields.

Old workings on the northern slopes of Cerro Magallanes from the 1950-60s chased near surface high-grade structures but did not explore at depth. These old workings drifted-in along several different orientations near one another suggesting possible bulk tonnage targeting scenarios may exist. Riverside will be working to assess this scenario following the positive results of the rock channel sampling.

Other Target areas on the Cecilia Project include:

East Target area

The East Target comprises high-grade, fault-controlled, Ag-rich veins along the margin of the Puma Dome located east of Cerro Magallanes dome. Gold in chip channel samples by Riverside along the trace of a portion of the fault structures returned 11.5m @ 1.57 g/t Au. Grab samples from dump material in this area returned silver values of up to 200 g/t Ag.
The East Target is 200 m lower in elevation than Cerro Magallanes peak and might be showing vertical zoning from gold high on Cerro Magallanes to silver lower down closer to the underlying Cretaceous sedimentary rocks.

Casa de Piedra target

The Casa de Piedra target is east of Cerro Magallanes on the recently added Riverside concession, Cecilia 1. The target zone comprises a 2 km long shear fault vein with abundant epithermal mineralization and textures. Casa de Piedra has not seen any exploration making it a high-profile drill target. This target was first identified through soil geochemistry in June 2018 where anomalous Pb, Cu, Te and Hg were noted. In the field the Casa de Piedra target is defined by a 30 m wide N-NE trending structural corridor of altered Cretaceous clastic sedimentary bedrock. Within the main mineralized structure, widespread sericitic, silica and kaolinitic alteration is common including buddingtonite alteration; buddingtonite being a clay often found in proximity to precious metal veins. The structural zone is infilled with quartz veining, quartz veinlets and stockwork and in some areas banded quartz, vuggy quartz and grey calcite. Textures in outcrop are dominated by intact-banded veins and silicified zones and only minor vein breccias. Transport of the clasts appears to be rotated but with minor displacement; anastomosing breccia veins are common in outcrop.

Later carbonates are noted, and some carbonate appears to be leached from the matrix surrounding the quartz, leaving a stringy, net texture with residue of the Mn-oxides and crustiform quartz. This mineralized structure is cross-cut by northwest-trending rhyolitic dikes that do not appear to influence mineralization. Rock sampling (24) in this area returned one sample that assayed 0.9 g/t Au and also included other elements typical of the upper parts of hydrothermal veins. This shear vein is not unique, a second large vein system, Los Llanos described below.

Los Llanos target

The Los Llanos target is located east of the Casa de Piedra vein shear structure east of the Cerro Magallanes peak. The Los Llanos target was first defined by reconnaissance and soil geochemistry where anomalous Pb, Cu and Zn were noted. In the field the Los Llanos target is defined by a 20-30 m wide structural corridor of altered sandstone presently mapped as being 1 km in strike length and trending northeast. Gold mineralization is found in narrow anastomosing veins sometimes as stockwork but primarily as a silicified zone marked by reddish-brown iron oxides. This corridor also hosts rhyolite dikes which are sometimes parallel to the mineralized zone but also cut the zone. To the best of our understanding no exploration work has been done in this area thus making it a newly discovered vein zone. Some evidence of placer mining was noted in the area suggesting gold may have come from this vein; further exploration work is warranted on the Llanos target.

Cruz Target

The Cruz target lies within a large structural corridor northeast of Cerro Magallanes within horst and graben structural terrain. This large northwest trending regional structure extends tens of kilometers and comes across the northeast portion of the Project, is visible on satellite images, and forms a major structural topographic feature in northeastern Sonora. At the outcrop level, mineralization is noted in veins and stockwork alteration zones of up to 100 meters wide. These zones comprise anastomosing quartz veins with breccia that generally strike N-NE (020) and dip vertical to steeply to the west. Within this 100 m wide zone stockwork show syntaxial and druzzy textures. Gold mineralization is associated with pervasive, widespread sericitic and silica alteration; sulphides are rare but noted in this area. Where these veins cut conglomerate bedrock wide areas of silicified material is noted, two out of seven samples taken from this area returned gold grades of 1.6 g/t and 2.3 g/t Au. These veins continue through the conglomerate into the adjacent granitic bedrock. Geochemistry in this area shows high Pb, Zn and Cu indicating mineralization in the northern portion of the concession may be lower down in a epithermal system.

Cruz II Target

The Cruz II Target is located in the eastern portion of the Cecilia 1 concession. This target is also a structural corridor of silicification and veining currently mapped at about 2 km in strike length. The structure/vein strikes N-NE (020-030) and cuts through several sedimentary geological units varying in width from several meters to 20 m. Mineralized areas include anastomosing, stockwork or parallel veins with breccias; breccia is sometimes rounded but often angular. Terraspec analysis of altered rock shows pervasive silica and sericite alteration with illite in some areas. In hand sample the alteration is dominated by silicification and Fe-oxides. Individual veinlets are up to 30 cm wide with 3 to 5 parallel veins within a larger 20 m corridor. Stockwork veining, where present, is typically orthogonal and made more obvious by the hematitzation of rare pyrite, sphalerite and galena. Two of eleven samples from Riversides first pass of this area returned gold values of 0.5 g/t Au. Rock geochemistry also shows elements typical of a low-sulphidation epithermal system.

On Sept 21, 2020- Riverside provided an update of high grade gold mineralization and exploration work that is filed on SEDAR and was published on the company website and distributed. These results raised the profile of the San Jose zone as a priority with high grade gold near surface and in old workings.

On November 5, 2020- Riverside updated investors and filed information on SEDAR and website about new geophysical induced polarity and drone magnetic airborne survey that was completed on the Cecilia project. This work refined the structural geology and provided insights for potential drill targeting in spring of 2021.

On November 18, 2020 – Riverside updated on the results from channel sampling at the San Jose target area which followed up from the geophysical work announced earlier in the month. With these efforts during the later part of 2020, Riverside poised the project to move ahead with drilling during 2021 with exploration partner Carlyle Commodities Corp providing funding and Riverside being a shareholder of Carlyle.

Tajitos Gold Project, Sonora

Located in north-western Sonora State, Mexico, the Tajitos Gold Project consists of two concession block areas. The core Tajitos claim group and the easterly lying El Tejo group of concessions make up the Project. The Project is strategically situated in the *Caborca Orogenic Gold Province* which includes the major gold mines at La Herradura, Noche Buena, Chinate and San Francisco Mines among other producers. The core claim at Tajitos covers a number of northwesterly striking gold-bearing quartz veins and shear faults that were exploited by small underground mines, now abandoned but still accessible. Riverside geologists conducted field work on the structural control of gold mineralization recently and the adjacent to the east Mexican gold producer.

The gold mineralization intersected in Riverside drill-holes occurs in fault zones and along lithologic contacts like major mines in the area. Due to the wide spacing of the drill-holes a reliable definition of the strike and dip orientations of the mineralized zones could not be refined yet and further drilling is warranted to better determine the extent and tenor of gold mineralization on the Tajitos property.

In addition to the eight boreholes drilled by Riverside on the Tajitos claim group, a program of reverse circulation drilling on the El Tejo claim group was also completed with partners. Twelve RC holes, totaling 1,728 meters, were drilled at Tejo to probe the bedrock lying beneath an extensive and thick cover of alluvial gravels. This work sets the project on a good position going forward to progress and build upon the geology and geochemistry developed previously. Tajitos in 2020 has seen field work, mapping, Leapfrog modeling, 3D mineralization model study, geochemistry, target work with the geophysics and discussions with parties for the project to progress.

La Silla Gold-Silver Project, Sinaloa

The La Silla Project east of Mazatlan in Sinaloa Mexico is a former mining operating district with high grade silver and gold mineralization on Riverside mineral tenure concessions. The project currently 100% owned and controlled by Riverside has had recent field work and mapping, sampling, targeting completed. Two adjoining concessions totaling 1,031.5 hectares are controlled by Riverside. In addition, another two concessions totaling 1,039.3 hectares make up a second target rich area for the project that Riverside controls. Veins on both concession blocks have been progressed at the Project and can move moved ahead with trenching and then drilling.

At the Ciruela and El Roble prospects rock-chip samples have delivered high grade metals and work in the field continues at these target areas. Riverside conducted data integration, review of geology, geochemistry and considerations for strategic steps during the year. The project continues to have interesting growth target potential.

The Company terminated in January 2020 the previously signed Definitive Agreement from a year earlier January 30, 2019, with Sinaloa Resources Corp. ("Sinaloa") whereby Sinaloa could acquire a 70% interest in the La Silla Property as Riverside had not received payment or required work on the project and the option was ended. Riverside took back control of the project and conducted its own exploration efforts during the year.

On December 9, 2020, the Company entered into an option agreement, signing a Definitive Agreement with Upper Canada Inc. ("Upper Canada") whereby Upper Canada could acquire up to 100% undivided interests in the La Silla Property, a silver-gold project, by paying $500,000 in cash, issuing 10,600,000 common shares and incurring exploration expenditures of $20,000,000 over a four-year period as follows:

Due Date	Cash	Common shares	Cumulative exploration expenditures	Percentage Earned
September 11, 2020 (signing of LOI)		600,000 (received)	-	-
December 9, 2020	*$50,000	5,000,000(received)	-	-
March 9, 2021	$50,000	2,500,000	-	-
June 9, 2021	$75,000	2,500,000	-	-
December 9, 2021	$150,000	-	$ 5,000,000	51%
December 9, 2022	$100,000	-	$2,000,000	60%
December 9, 2023	$50,000	-	$7,500,000	-
December 9, 2024	$25,000	-	$5,000,000	100%

*As at Jan 28, 2021, the Company has not received the $50,000 cash payment and the Company is actively under negotiation with Upper Canada to ensure the Agreement is still in good standing.

Australia (Sandy) Gold Project, Sonora

The Sandy Gold Project is located in NW Sonora, Mexico within the prolific Sonora Megashear Gold Belt.

On March 21, 2019, the Company reported initial results from the Company's first-phase exploration program at the recently staked Sandy Project.

Riverside geologists completed surface sampling, mapping and geophysic interpretation work at the project. The project has potential for gold exploration and is in the prolific mineral belt south of gold mines operated by Fresnillo including the >5Moz Au producer, La Herradura Mine. Sample from old workings returned 38.8 g/t Au. Chip channel samples of 1.5 meter in length returned gold results of 9.3 g/t, 4.7 g/t and 3.7 g/t Au. A total of 71 samples have been analyzed so far and further work at Sandy is anticipated to continue to define the structural nature and intrusion association to the gold.

Higher gold grades appear to be associated with intersecting structures within strongly foliated granitic intrusive bedrock. Primary structures strike NW-SE and dip between 40 and 70 degrees to the east in a general structural character with similar orientation and style to some of the shear zone gold mines in the region. Other smaller faults are noted striking roughly north south and dipping steeply to the east which cut the main shear zone and could possibly hide extensive expansions of the gold system under shallow cover. The cross structures have been intruded by mafic dikes that show pervasive propylitic alteration indicating potential deeper intrusion related gold mineralization. The highest-grade gold material was found associated with a set of variously dipping felsic dikes which could be associated with the intrusive system. Silicification and minor quartz veining is noted associated with the structures and with through-going vein mineralization. The wall rock associated with these structures often shows sericites and silica alteration.

Of note while visiting the property are the vast placer-gold workings immediately north of the project area. The source of the placer gold has not been determined and may be derived from intrusive bedrock within the Sandy project.

Suaqui Verde and Suaqui Grande, Sonora

Riverside developed copper targets on both the Suaqui Verde and Suaqui Grande properties which are near each other and both have copper potential in the copper belt of central Sonora, Mexico. The Company conducted site work and progressed discussions for the district play. Copper growth areas were reviewed, and further work progressed.

The scientific and technical data contained in the property descriptions pertaining to the Company's portfolio were reviewed by Freeman Smith, P.Geo. 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 Project.

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Company at September 30, 2020 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	**2020**	**2019**	**2018**
Finance, property and other income	$ 108,871	$ 1,348,584	$ 176,702
Net income (loss)	2,631,544	(1,310,831)	(1,462,695)
Net income (loss) per share, basic and fully diluted	0.04	(0.02)	(0.03)
Cash and cash equivalent and short-term investments	6,051,890	5,143,379	2,868,824
Total assets	12,211,722	12,341,457	8,869,608

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Three-month period ended September 30, 2020

For the three months ended September 30, 2020, the Company had a net income of $2,338,398, resulting in an earning per share of $0.03. The income was mainly related to a gain on spin out of exploration and evaluation (Penoles) and the recovery of professional fees of $192,670 in connection with the completion of arrangement with Capitan as well as a realized gain on short-term investments of $365,449 which were partially offset by the increases in investor relations, general and administration and the unrealized loss on short-term investments. The decreases (recoveries) in the consulting fees, investor relations, professional fees and general and administration as well as the property investigation and evaluation expenses were mainly contributed to the costs of strategic reorganization that the Company had billed back and received all the related spin-out transaction costs after the completion of Capitan's listing on TSX-Venture exchange.

Year ended September 30, 2020

For the year ended September 30, 2020, the Company had a net income of $2,631,544, resulting in an earning per share of $0.04. The gain was mainly related to a gain on spin out of exploration and evaluation (Penoles) f $2,417,283 in connection with the completion of arrangement with Capitan. Besides, the Company recorded finance income of $39,250, other income of $69,621 and the unrealized gain on short-term investment of $1,166,407 mainly due to a significant increase on Arizona Metals Corp. fair market value as at September 30, 2020. During the year-ended September 30, 2020, the Company sold 5,800,000 common shares from Arizona Metal Corp. for net proceed $1,543,309 and the Company also sold 1,000,000 Silver Viper Mineral Corp. common shares for net proceed $439,224, therefore, the company overall recognized a realized gain on short-term investment of $191,155 on sales of short-term investments. The net income was partially offset by the operating expense of $1,056,712.

Three-month period ended September 30, 2019

For the three months ended September 30, 2019, the Company had a net loss of $1,625,043, resulting in a loss per share of $0.03. The gain was related to finance income of $15,927, other income of $331,391 as a result of the Company sold 55,087 common shares from E3 Metals Corp for net proceeds $23,363 and recognized the gain on Arizona Metal Inc's shares as at the trading date. which were offset by an accrual provision tax penalty of $1,131,026, an unrealized loss on short-term investment of $339,689, operating expenses of $192,599, and a realized loss on short-term investment of $341,898.

Year ended September 30, 2019

For the year ended September 30, 2019, the Company had a net loss of $1,310,831, resulting in a loss per share of $0.02. The gain was related to finance income of $42,591, other income of $1,305,993 as a result of the Company received overall 7,300,000 penalty shares from Croesus Gold Corp due to the certain provisions of the agreement, and the Company received 1,000,000 common shares from Sinaloa Resources Corp ("Sinaloa") as per option agreement for La Silla property. Furthermore, there is a gain on debt settlement of $26,846 which were offset by operating expenses of $1,015,031, provision tax penalty of $1,131,026, unrealized loss on short-term investments of $339,689 a realized loss on short-term investments of $137,304 and write-off of exploration and evaluation assets $96,062.

Exploration and evaluation assets

Year ended September 30, 2020

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, 2020, the Company recorded $1,244,978 in acquisition and exploration of its properties as follows:

- Mexico
  - Peñoles $143,496
  - Tajitos $139,979
  - La Silla $ 61,375
  - Australia $ 21,722
  - Ariel $ 18,379
  - Cecilia $231,805
  - Teco $ 29,436
  - Suaqui Verde $ 2,275
  - Cuarentas $168,646
  - La Union $ 46,341
  - El Valle, Llano & Pima $ 2,620

- Canada
  - Western Ontario $ 378,904

The Company acquired a 100% interest in the Australia Project which is made up of two concessions: Sandy and Sandy 2 on February 28 and October 12, 2018 respectively.

The Company acquired a 100% interest in Suaqui Verde Property on December 18, 2018.

The Company acquired a 100% interest in the Oakes, Longnose, Vincent projects in western Ontario, Canada on April 1, 2019. Subsequently, the Company acquired a 100% interest in Kenora project in western Ontario, Canada in July 2020.

On June 24, 2019, the Company entered into a binding letter agreement ("Letter Agreement") with Millrock to acquire a 100% undivided right, title, and interest in five projects, including Los Cuarentas, La Union, El Valle, Llano del Nogalo and El Pima, at a purchase price of $35,000 cash (paid) and 150,000 common shares (issued at a fair market value of $24,000). As at September 30, 2020, the Company has officially obtained ownership of the properties of Llano del Nogalo and EI Valle.

On January 31, 2020, the Company paid $125,000 in cash and issued 400,000 common shares at a fair value of $56,000 for Cecilia property as per option agreement with Gunpoint Exploration Ltd.

On June 23, 2020, the Company received $10,000 on signing on the LOI agreement with Carlyle Commodities Corp. Subsequently, the Company entered into a Definitive Option Agreement of Cecilia Project with Carlyle Commodities Corp and received 1,500,000 common shares at a fair value of $450,000 and 3,000,000 special warrants at a fair value of $nil on July 13, 2020 as well as $40,000 option payment on July 15, 2020.

On August 14, 2020, the Company completed the Arrangement and transferred its 100% interest of the gold-silver resource at the Peñoles Project to Capitan as previously mentioned in Note 2. In connection with the Arrangement, the Company recognized a gain on spin-out of Peñoles of $2,417,283 in consideration for 17,500,000 common shares of Capitan with a value of $3,500,000. There were $1,082,717 historical capitalized costs associated with this project transferred to Capitan.

On September 11, 2020, the Company entered into a Letter of Intent ("LOI") and received 600,000 shares at a deemed value at $nil per share with Upper Canada Mining Inc. ("Upper Canada") whereby Upper Canada could acquire up to 100% interest in La Silla Property.

During the year ended September 30, 2020, the Company terminated the option with Sinaloa Resources Corp. for La Silla property as a result of Sinaloa failed to commit the clauses of the option agreement as at January 28, 2020. Therefore, Sinaloa has not further obligation with respect to La Silla projects.

Year ended September 30, 2019

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, 2019, the Company recorded $1,656,823 in acquisition and exploration of its properties as follows:

- Mexico
  - Peñoles $ 334,416
  - Tajitos $ 297,764
  - La Silla $ 106,964
  - Australia $ 7,832
  - Thor $ 30,717
  - Ariel $ 20,696
  - Cecilia $ 589,745
  - Teco $ 31,849
  - Suaqui Verde $ 24,181
  - Cuarentas $ 68,947
  - La Union $ 5,126

- Canada
  - Western Ontario $ 138,586

The Company recovered $141,213 of the acquisition and exploration expenditures for land taxes reimbursement on the Penoles property from the Government of Mexico and the Company also recovered $139,000 of the acquisition and exploration expenditures through an option agreement with Sinaloa on La Silla property during the year ended September 30, 2019, which reduced the cumulative exploration costs.

The Company acquired a 100% interest in the Australia Project which is made up of two concessions: Sandy and Sandy 2 on February 28 and October 12, 2018, respectively.

The Company acquired a 100% interest in Suaqui Verde Property on December 18, 2018.

The Company acquired a 100% interest in the Oakes, Longnose and Vincent projects in western Ontario, Canada on April 1, 2019.

During the year ended September 30, 2019, the Company terminated the option with the underlying concession holder and has not further obligation with respect to Thor projects. There were $96,062 historical capitalized costs associated with these projects have been wrote off.

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

Recoveries and Other Income

Year ended September 30, 2020

Starting from February 2019, the Company agreed to share their office space with First Helium Inc. (“First Helium”), a company with a common officer with the Company. During the year ended September 30, 2020 the Company recognized rental recovery of $24,000 from First Helium, which was recorded in other income. As well, the Company recognized the exploration equipment and vehicle rentals recovery of $36,548 from the BHP alliance program. Finance income and other income for the year ended September 30, 2020 were $39,250 and $69,621, respectively.

As at September 30, 2020, the Company wrote down the 1,000,000 shares of Sinaloa Resources Corps to its fair market value of $nil based on the current status of Sinaloa’s financial position.

Year ended September 30, 2019

During the year ended September 30, 2019, the Company received recoveries of $141,213 in cash with respect to the refunds on land taxes on Peñoles property and $139,000 of the acquisition and exploration expenditures through an option agreement with Sinaloa on La Silla property. Finance income and other income for the year ended September 30, 2019 were $42,591 and $1,305,993 respectively.

As at September 30, 2019, the Company had received an additional 4,300,000 shares from Arizona Metal Corp. (formerly Croesus Gold Corp.), a private company, as a result of certain provisions in the agreement with the Company. As a result, the Company recognized $1,289,993 in other income during the year ended September 30, 2019.

On February 20, 2019, the Company received 1,000,000 shares from Sinaloa Resources Corp. at the fair market value of $100,000 as per option agreement for La Silla property as exploration recovery.

Other income consists of revenue from receiving option payment by common shares, exploration equipment and vehicle rentals to the alliance and work programs.

Expenses

Year ended September 30, 2020

During the year ended September 30, 2020, the Company incurred $58,972 in depreciation, $189,745 in consulting fees, $36,000 in directors' fees, $325,198 in investor relations fees, $95,460 in professional fees, $228,800 in share-based compensation, and $155,692 in general and administrative expenses. In addition, the Company incurred $80,294 in rent. The Company earned $39,250 in finance income, $69,621 in other income, and $2,417,283 gain on sale of mineral property in connection with the completion of strategic reorganization with Capitan, $1,166,407 in unrealized gain on changes of short-term investments, $191,155 in realized gain on sales of short-term investments as well as $100,000 write-down of short-term investment.

Year ended September 30, 2019

During the year ended September 30, 2019, the Company incurred $21,701 in depreciation, $288,237 in consulting fees, $39,000 in directors' fees, $246,946 in investor relations fees, $148,486 in professional fees, $96,397 in share-based compensation, and $107,822 in general and administrative expenses. In addition, the Company incurred $77,392 in rent. The company also recognized the provision tax penalty of $1,131,026 due to the settlement of taxes liability against with the Government of Mexico. The Company earned $42,591 in finance income, $1,305,993 in other income, and $26,846 gain on debt settlement, offset by $137,304 realized loss on sale of short-term investments and $339,689 in unrealized loss on sale of short-term investments.

Compared to the previous year, increases in net income was primarily due to an increase in unrealized gain on short-term investment by $1,146,096 by recognizing the fair market value of Arizona Metal Corp's common shares as per IFRS 9 Financial Instrument's requirement and the gain in sale of mineral property of $2,417,283, partially offset by an increase in share-based compensation by $39,716 and increases in investor relations by $78,252 and general and administration by $48,913 with respect to some costs of plan of arrangement .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 spent less funds on promotional and marketing activities, financial advisory and investor relations services and the Company entered into a new contract of rental agreement of Canadian office, resulting in reduced costs in rent.

Share-based payments increased as a result of more share option grants. During the year ended September 30, 2020, the Company recorded share-based payments of $228,800 (2019 - $96,397) for the vested portion of the options granted and during the year. Share-based payments expense recorded in the comparative period of the previous fiscal year was lower as there were less options granted during that year.

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.

Risks Related to COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company continues to closely monitor developments in the novel coronavirus ("COVID-19") pandemic, including the potential impact on the Company's operations.

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	Property and other income	Unrealized gain/(loss) on short-term investments	Net income (loss)	Earnings (Loss) per share (basic & fully diluted)
30-Sep-20	2,195	19,987	385,851	2,338,398	0.03
30-Jun-20	1,652	11,077	(561,520)	284,187	0.01
31-Mar-20	22,748	32,557	354,541	(677,235)	(0.01)
31-Dec-19	12,655	6,000	(1,345,279)	686,194	0.01
30-Sep-19	15,927	331,391	339,689	(1,625,043)	(0.03)
30-Jun-19	16,273	439,666	78,323	80,672	0.00
31-Mar-19	6,868	209,936	186,084	81,900	0.00
31-Dec-18	3,523	325,000	(59,813)	151,640	0.00

During the three months ended September 30, 2020, the net income was primarily due to the Company recognized a gain on spin-out of Penoles of $2,417,283 in consideration for 17,500,000 common shares of Capitan with a value of $3,500,000. As well, the sales of 500,000 Arizona Metals Corp's common shares and 1,000,000 Silver Viper Minerals Corp's common shares for recognizing a realized gain on short-term investment of $365,449.

During the three months ended June 30, 2020, the net income was primarily due to the Company recognized an unrealized gain on short-term investments of $561,520 that was mainly triggered by a significant increase in the fair market value of Arizona Metals Corp's common shares as at June 30, 2020. As well, the sale of 4,400,000 Arizona Metals Corp's common shares for recognizing a realized gain on short-term investment of $210,820.

During the three months ended March 31, 2020, the net loss was primarily due to the Company recognized a realized loss on short-term investments of $354,541 that was mainly triggered by a significant decrease in the fair market value of Arizona Metals Corp's common shares as at March 31, 2020. As well, an increase in the professional fee of $197,277 as a result of the Company incurred additional legal, accounting and compliance services with respects to the strategic reorganization of its exploration business. Subsequent to the period ended March 31, 2020, the Company billed and received all the related spin out costs in connection with the strategic reorganization was completed on August 14, 2020.

During the three months ended December 31, 2019, the net income was primarily due to the Company recognized an unrealized gain on short-term investments of $1,345,279 that was mainly triggered by a significant increase on the fair market value of Arizona Metals Corp's common shares as at December 31, 2019.

During the three months ended September 30, 2019, the increase in net loss was primarily due to the Company recognized the provision tax penalty of $1,131,026 in connection with the lawsuit against with the Government of Mexico. Also, the Company sold all 55,087 shares of E3 Metals Corp for net proceeds $23,363 and recorded the unrealized loss on short-term investments of $339,689.

During the three months ended June 30, 2019, the increase in property and other income was primarily due to the Company received additional 2,000,000 common shares of Arizona Metals, for a fair market value of $433,340 as a result of certain provisions in the previous agreement with the Company in 2016.
During the three months ended March 31, 2019, the net income was primarily due to the Company received 1,000,000 shares of Sinaloa, for the fair market value of $100,000 as per option agreement for La Silla property. The Company also recognized 800,000 shares from Croesus, for the fair market value of $174,334, as a penalty per the amended option agreement.

During the three months ended December 31, 2018, the net income was primarily due to the Company received 1,500,000 shares of Arizona Metal, for the fair market value of $325,000, as per the terms of the Sugarloaf Peak option agreement and amending agreement that the Company entered into in December 2014 and 2015, respectively. Croesus issued 1,500,000 common shares to the Company because Arizona Metal did not complete a public listing within 36 months of the amendment date.

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, 2020 was $1,144,582. Working capital as at September 30, 2020 was $4,145,690. 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, 2019 was $1,383,918. Working capital as at September 30, 2019 was $3,452,397. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

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 / Payer	Nature of transactions	Year ending September 30,	Fees (Income) ($)	Shares ($)	Amount payable (receivable) at year end ($)
Arriva Management Inc.	Management and consulting fees (i)	2020 2019	249,997 250,440	Nil 18,000	7,736 45,603
GSBC Financial Management Inc.	Management and consulting fees (i)	2020 2019	96,000 96,000	Nil 9,000	Nil Nil
Alberto Orozco	Consulting fees (i)	2020 2019	93,468 68,750	Nil Nil	Nil Nil
Omni Resource Consulting Ltd.	Consulting fees (i)	2020 2019	120,000 107,500	Nil 9,000	Nil 16,699
Brian Groves	Director fees(ii)	2020 2019	12,000 12,000	Nil Nil	Nil Nil
James Clare	Director fees(ii)	2020 2019	Nil 3,000	Nil Nil	Nil Nil
Carol Ellis	Director fees(ii)	2020 2019	12,000 12,000	Nil Nil	Nil Nil
Walter Henry	Director fees(ii)	2020 2019	12,000 12,000	Nil Nil	Nil Nil
First Helium Inc.	Rent (iii)	2020 2019	(24,000) (16,000)	Nil Nil	(2,100) (16,800)

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, 2020 and 2019 are as follows:

	2020	2019
Directors' fees (ii)	$ 36,000	$ 39,000
Management and consulting fees (i)	559,465	522,690
Performance bonus shares	-	36,000
Share-based payments	131,506	66,012
	$ 726,971	$ 663,702

(i) Management and consulting fees of the key management personnel for the period were allocated as follows: $108,000 (2019 - $108,000) expensed to consulting fees, $344,068 (2019 - $414,690) capitalized to exploration and evaluation assets and $107,397 (2019 - $nil) capitalized to exploration work performed for alliances that will be reimbursed.

(ii) Starting from January 1, 2019, James Clare, director, agreed not to receive director fees from the Company and waived $26,846 in amounts owed to him from the Company. As a result, the Company recognized a gain on debt settlement of $26,846 during the year-ended September 30, 2019.

(iii) Starting from February 2019, the Company agreed to share their office space with First Helium Inc. ("First Helium"), a company with a common officer with the Company. During the year ended September 30, 2020, the Company recognized rental recovery of $24,000 (2019- $16,000) from First Helium, which was recorded in other income.

On November 30, 2019, the Company received 300,000 pre-consolidated shares of First Helium Inc. to settle $21,000 in debt. On September 8, 2020, the Company acquired an additional 472,500 pre-consolidated shares of First Helium Inc. at $0.04 per share by paying cash of $18,900.

PROPOSED TRANSACTIONS

Please refer to the "HIGHLIGHTS OF EVENTS OCCURING DURING AND SUBSEQUENT TO SEPTEMBER 30, 2020" note for details regarding the Arrangement.

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, 2020. 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.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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 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 following table shows the classification of the Company's financial assets and liabilities:

Financial asset or liability	IFRS 9 Classification
Cash and cash equivalents	FVTPL
Short-term investments	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Government loan	Amortized cost

New Accounting Policies Adopted

IFRS 16 - *Leases* (new; replaces IAS 17)

On October 1, 2019, the Company adopted IFRS 16, which supersedes IAS 17- Leases ("IAS 17"). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 requires lessees to recognize a right of use of asset and a lease obligation at the lease commencement date. The Company has assessed its monthly office rent payments and concluded that it does not meet the definition of a lease in the context of IFRS 16. As such, the adoption of the standard did not have an impact on the Company's consolidated financial statements.

IFRIC 23 - *Uncertainty over Income Tax Treatments*

On October 1, 2019, the Company adopted IFRIC 23, which is a new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

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, accrued liabilities and government loan 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, 2020, the Company had cash and cash equivalents of $4,588,578 to settle current liabilities of $2,626,074. 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, 2020, the Company had investments in short-term deposit certificates of $23,000.

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 and cash equivalents, 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. During the year ended September 30, 2020, a simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect loss for the year by $445,089.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. During the year ended September 30, 2020, a simultaneous 15% fluctuation in share prices would affect short-term investments and profit or loss for the year by approximately $219,497.

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 68,819,631 common shares were issued and outstanding as of the date of this MD&A.

The Company has 13,235,432 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:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
12/16/2021	935,000	0.88	$ 0.32	935,000
11/03/2022	688,000	1.76	$ 0.21	688,000
01/08/2024	560,000	2.95	$ 0.13	585,000
11/15/2024	955,000	3.80	$ 0.11	955,000
03/27/2025	150,000	4.16	$ 0.12	112,500
10/19/2025	1,330,000	4.73	$ 0.30	-
	4,618,000	3.08		3,250,500