RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

(Expressed in Canadian Dollars)

Consolidated Financial Statements

September 30, 2015 and 2014

Index

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Riverside Resources Inc.

We have audited the accompanying consolidated financial statements of Riverside Resources Inc., which comprise the consolidated statements of financial position as at September 30, 2015 and 2014 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Riverside Resources Inc. as at September 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

January 26, 2016

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

	Note	2015	2014
Assets			
Current assets:			
Cash		$ 1,781,941	$ 3,360,889
Short-term investments	5	2,477,289	2,916,722
Taxes receivable	6	195,253	69,607
Prepaid expenses	7	62,208	75,932
		4,516,691	6,423,150
Loans	8	-	150,000
Deposits and other assets	9	67,616	60,486
Equipment	10	108,717	183,329
Exploration bonds	11(f)	65,492	65,492
Exploration and evaluation assets	11	2,658,240	3,974,996
		$ 7,416,756	$ 10,857,453
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	12	$ 445,927	$ 818,290
Shareholders' equity:			
Capital stock	13	20,916,978	20,902,978
Commitment to issue shares	13	-	14,000
Reserves	13	2,712,413	2,588,089
Deficit		(16,532,828)	(13,671,076)
Accumulated other comprehensive income (loss)		(125,734)	205,172
		6,970,829	10,039,163
		$ 7,416,756	$ 10,857,453

Nature and continuance of operations (Note 1)
Commitment (Note 20)
Subsequent events (Note 21)

On behalf of the Board:

"James Clare" Director *"Brian Groves"* Director

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

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

	Note	2015	2014
Expenses			
Consulting fees		$ 232,530	$ 121,809
Depreciation	10	41,548	61,257
Director fees		48,000	48,000
Filing fees		26,526	29,387
Foreign exchange gain		(81,045)	(10,702)
Investor relations		114,963	128,877
Office expenses		93,183	117,406
Payroll and benefits		2,206	3,215
Professional fees		118,728	140,250
Property investigation and evaluation		108,951	89,936
Rent		215,914	220,349
Share-based payments	13	124,324	236,644
Travel and meals		29,617	53,112
Finance income		(55,446)	(79,348)
Other income		(5,488)	(252,509)
Unrealized loss on short-term investments		1,006,544	369,007
Write-down of exploration & evaluation assets	11	479,062	627,891
Results from operations		(2,500,117)	(1,904,581)
Write-down of other receivables		(11,635)	(202,574)
Write-down of loan receivable	8	(150,000)	-
Write-down of short-term investments	5	(200,000)	(134,662)
		(361,635)	(337,236)
Net loss for the year		(2,861,752)	(2,241,817)
Foreign exchange movements		(330,906)	315,250
Comprehensive loss for the year		(3,192,658)	(1,926,567)
Loss per share – basic and diluted		$ (0.08)	$ (0.06)
Weighted average number of common shares outstanding – basic and diluted		37,049,367	36,997,025

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	2015	2014
OPERATING ACTIVITIES			
Net loss for the year		$ (2,861,752)	$ (2,241,817)
Items not involving cash			
Depreciation	10	41,548	61,257
Performance bonus shares	17(a)	-	12,294
Realized loss on sale of equipment		9,908	-
Share-based payments	13	124,324	236,644
Unrealized loss on short-term investments		1,006,544	369,007
Write-down of exploration and evaluation assets	11	479,062	627,891
Write-down of other receivables		11,635	202,574
Write-down loan receivable	8	150,000	-
Write-down of short-term investments		200,000	134,662
Change in non-cash working capital items:			
Prepaid expenses		13,724	65,539
Taxes receivable		(125,646)	(14,534)
Other receivable		-	(49,093)
Accounts payable and accrued liabilities		(359,459)	301,923
		(1,310,112)	(293,653)
INVESTING ACTIVITIES			
Proceeds from sale (acquisition) of equipment	10	10,538	(21,739)
Deposits and other assets		(7,130)	(60,486)
Exploration and evaluation assets		(400,207)	(447,467)
Short-term investments		182,889	1,965,178
		(213,910)	1,435,486
FINANCING ACTIVITIES			
Capital stock, net of issuance costs	13(c)	-	9,750
Exploration bonds, net of recoveries		-	(13,000)
		-	(3,250)
Effect of foreign exchange on cash		(54,926)	(4,455)
Increase (decrease) in cash		(1,524,022)	1,134,128
Cash, beginning of the year		3,360,889	2,226,761
Cash, end of the year		$ 1,781,941	$ 3,360,889

Supplemental disclosures with respect to cash flows (Note 17)
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						
	Note	Shares	Amount	Commitment to issue shares	Reserves	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at September 30, 2013		36,881,778	20,843,062	-	2,366,436	(11,429,259)	(110,078)	11,670,161
Issued for:								
Performance bonus shares	13	105,000	35,175	14,000	-	-	-	49,175
Stock option exercise	13	25,000	24,741	-	(14,991)	-	-	9,750
Share-based payments	13	-	-	-	236,644	-	-	236,644
Loss for the year		-	-	-	-	(2,241,817)	-	(2,241,817)
Foreign exchange movements		-	-	-	-	-	315,250	315,250
Balance at September 30, 2014		37,011,778	$ 20,902,978	$ 14,000	$ 2,588,089	$ (13,671,076)	$ 205,172	$ 10,039,163
Issued for:								
Performance bonus shares	13	40,000	14,000	(14,000)				-
Share-based payments	13				124,324			124,324
Loss for the year						(2,861,752)		(2,861,752)
Foreign exchange movements		-	-	-	-	-	(330,906)	(330,906)
Balance at September 30, 2015		37,051,778	$ 20,916,978	$ -	$ 2,712,413	$ (16,532,828)	$ (125,734)	$ 6,970,829

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

1. Nature and continuance of operations

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

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

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

These consolidated financial statements are authorized for issue by the Board of Directors on January 26, 2016.

2. Basis of presentation

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

3. Statement of compliance

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

4. Significant accounting policies

(a) Principles of consolidation

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

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

4. Significant accounting policies (cont'd…)

(a) Principles of consolidation (cont'd…)

On October 30, 2014, RRM Exploraciones, S.A.P.I. de C.V. was incorporated in Mexico with the purpose of conducting 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. and RRM Exploraciones, S.A.P.I. de C.V. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

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

The subsidiary with a Mexican Peso functional currency has 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 income (loss) as a separate component of shareholders' equity.

(c) Short-term investments

Short-term investments include Canadian guaranteed investment certificates that have maturities of three months or more when purchased with a major Canadian Banking Institution, and held-for-trading securities in publicly traded companies.

(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%

In the year of acquisition, depreciation is recorded at one-half the normal rate.

(e) Exploration and evaluation assets

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

4. Significant accounting policies (cont'd…)

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

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

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

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

(f) Provision for environmental rehabilitation

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

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

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

(g) Impairment of long-lived assets

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

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

4. Significant accounting policies (cont'd…)

(h) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic loss per common share is calculated by dividing net loss available to common shareholders by the weighted-average number of shares outstanding during the year. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(i) Critical accounting estimates, judgments, and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and 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 to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

Share-based payments

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

4. Significant accounting policies (cont'd…)

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

Critical accounting judgments

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

(j) Income taxes

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

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

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

(k) Financial instruments

Financial assets

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

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

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

4. Significant accounting policies (cont'd…)

(k) Financial Instruments (cont'd…)

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

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

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

Financial liabilities

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

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

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

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

(l) Share-based payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in 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 share capital.

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

4. Significant accounting policies (cont'd…)

(l) Share-based payments (cont'd…)

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

(m) Share capital

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

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

(n) Other income

Usage fees of exploration equipment and field vehicles charged to exploration alliances where the Company is the operator of the underlying exploration program are recognized as other income. Interest and fees to be paid in shares relating to the loan lent to a private company (Note 8) are also recognized as other income.

New standards adopted during the year

Effective October 1, 2014, the following standards were adopted but have had no material impact on the consolidated financial statements:

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2015.

New standards and interpretations not yet adopted

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

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 10 Investment Entities – Amendment: effective for periods beginning on or after January 1, 2014.
- IFRIC 21 Levies: effective for periods beginning on or after January 1, 2014.
- IFRS 15 Revenue from contracts with customers: effective for periods beginning on or after January 1, 2018.

(Expressed in Canadian Dollars)

5. Short-term investments

Short-term investments, which consist primarily of investments in Canadian Guaranteed Investment Certificates, are investments with maturities of three months or more when purchased. Short-term investments also include the marketable securities received as a result of property option agreements (Note 11). As of September 30, 2015 and 2014, the fair values of the short-term investments are as follows:

	September 30, 2015	September 30, 2014
Guaranteed investment certificates	$ 1,897,132	$ 2,080,021
Fair value through profit and loss securities[1]	580,157	836,701
	$ 2,477,289	$ 2,916,722

[1] Marketable securities comprise common shares in publicly traded companies as follows:

	September 30, 2015			September 30, 2014		
	Number of shares	Cost	Fair market value	Number of shares	Cost	Fair market value
Arcus Development Group Inc.	29,000	$ 11,020	$ 580	29,000	$ 11,020	$ 725
Guerrero Exploration Inc.	1,926,000	343,049	-	1,926,000	343,049	-
Mexigold Corp.	550,877	160,667	2,754	550,877	160,667	5,509
Sierra Madre Developments Inc.[2]	12,503,218	1,103,791	-	12,503,218	1,103,791	-
Morro Bay Resources Ltd.[2][3]	28,841,109	1,870,597	576,823	13,841,109	1,120,597	830,467
		$ 3,489,124	$ 580,157		$ 2,739,124	$ 836,701

[1] As at September 30, 2015, the Company held 2,000,000 shares in Croesus Gold Corp., a private company, valued at $nil as the shares were written off during the fiscal year due to impairment.

[2] The Company holds approximately 23.2% of the issued and outstanding shares of Sierra Madre Developments Inc. ("Sierra Madre") and approximately 32.4% of the issued and outstanding shares of Morro Bay Resources Ltd. ("Morro Bay"). The presumption that the Company has significant influence by holding 20% or more of the voting power through its common share holdings in Sierra Madre and Morro Bay is overcome due to the fact that the Company has no representation on the board of directors, and is not involved in policy-making processes, there is no interchange of managerial personnel, and there is no provision of essential technical information. As a result, the investment is carried on the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

[3] The Company holds 1,852,987 Morro Bay warrants (2014 – 1,852,987) with a cost of $nil, and fair value at September 30, 2015 of $nil (2014 - $nil). Fair value is estimated using level 3 inputs and discussed in Note 19.

6. Taxes receivable

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

	September 30, 2015	September 30, 2014
GST refunds in Canada	$ 29,218	$ 34,695
IVA refunds in Mexico	166,035	34,912
	$ 195,253	$ 69,607

(Expressed in Canadian Dollars)

7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	September 30, 2015	September 30, 2014
Conferences and courses	$ 19,931	$ 18,412
Expense advances	19,684	25,679
Insurance	20,889	27,887
Rent	1,704	3,954
	$ 62,208	$ 75,932

8. Loans

A loan in the amount of $100,000 was lent to a private company with a related officer/director on August 31, 2012. As at September 30, 2015, the amount outstanding including interest and fees is $150,000 (2014 – $150,000) and was written down to $nil during the fiscal year as it was deemed to be uncollectible.

9. Deposits and other assets

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

	September 30, 2015	September 30, 2014
Claim maintenance	$ 42,091	$ 34,961
Deposits	25,525	25,525
	$ 67,616	$ 60,486

(Expressed in Canadian Dollars)

10. Equipment

	Computer hardware	Exploration equipment	Furniture & fixtures	Vehicles	TOTAL
Cost					
Balance at September 30, 2013	$ 84,194	$ 121,544	$ 37,228	$ 197,042	$ 440,008
Additions	-	20,562	-	1,177	21,739
Foreign exchange movement	1,032	8,231	1,726	9,359	20,348
Balance at September 30, 2014	$ 85,226	$ 150,337	$ 38,954	$ 207,578	$ 482,095
Additions	-	-	462	-	462
Disposals	-	-	-	(92,205)	(92,205)
Foreign exchange movement	(824)	(6,841)	(1,379)	(7,508)	(16,552)
Balance at September 30, 2015	**$ 84,402**	**$ 143,496**	**$ 38,037**	**$ 107,865**	**$ 373,800**
Accumulated depreciation					
Balance at September 30, 2013	$ (65,334)	$ (53,479)	$ (13,783)	$ (93,895)	$ (226,491)
Depreciation	(8,618)	(16,457)	(4,883)	(32,308)	(62,266)
Foreign exchange movement	(714)	(3,745)	(628)	(4,922)	(10,009)
Balance at September 30, 2014	$ (74,666)	$ (73,681)	$ (19,294)	$ (131,125)	$ (298,766)
Depreciation	(4,718)	(14,987)	(3,969)	(18,823)	(42,497)
Disposals	-	-	-	65,556	65,556
Foreign exchange movement	707	3,943	724	5,250	10,624
Balance at September 30, 2015	**$ (78,677)**	**$ (84,725)**	**$ (22,539)**	**$ (79,142)**	**$ (265,083)**
Net book value					
Balance at September 30, 2013	$ 18,860	$ 68,065	$ 23,445	$ 103,147	$ 213,517
Balance at September 30, 2014	$ 10,560	$ 76,656	$ 19,660	$ 76,453	$ 183,329
Balance at September 30, 2015	**$ 5,725**	**$ 58,771**	**$ 15,498**	**$ 28,723**	**$ 108,717**

Depreciation for the year was allocated as follows: $41,548 (2014 - $61,257) expensed to statement of operations, $nil (2014 - $nil) capitalized to exploration and evaluation assets, and $949 (2014 - $1,009) capitalized to exploration work performed that will be reimbursed.

(Expressed in Canadian Dollars)

11. Exploration and evaluation assets

For the year ended September 30, 2015

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

(Expressed in Canadian Dollars)

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

For the year ended September 30, 2014

	Penoles Mexico	Cerro Azul Mexico	Sugarloaf Peak USA	El Pedernal Mexico	Tajitos Mexico	Clemente Mexico	La Catrina Mexico	La Escondida Mexico	Cont'd…
Acquisition costs	$ 60,142	$ 28,712	$ 45,251	$ 15,602	$ 49,769	$ 25,956	$ 12,222	$ -	
Exploration costs:									
Assaying	-	-	-	-	7,315	-	-	-	
Field & camp costs	1,314	185	20,645	73	6,508	345	1,585	-	
Geological consulting	38,841	2,074	6,750	9,560	47,975	15,000	539	5,000	
Surveys & geophysics	-	-	-	-	14,585	-	-	-	
Transport & support	18,551	834	11,568	2,948	7,293	2,585	1,112	53	
Total current exploration costs	58,706	3,093	38,963	12,581	83,676	17,930	3,236	5,053	
Professional & other fees:									
Professional consulting	52,500	-	3,375	1,750	22,000	5,000	-	-	
Legal fees	52,129	430	7,171	1,851	2,310	22	990	-	
Others	677	-	14,286	-	3,134	1,707	-	-	
Total current professional & other fees	105,306	430	24,832	3,601	27,444	6,729	990	-	
Total costs incurred during the period	224,154	32,235	109,046	31,784	160,889	50,615	16,448	5,053	
Balance, Opening	1,843,040	115,561	441,396	95,073	1,212,839	440,774	114,502	184,224	
Asset write-off	-	(164,350)	-	(132,442)	-	-	(136,350)	(194,749)	
Recoveries	(1,267,271)	-	-	-	-	(8,057)	-	-	
Foreign exchange movements	209,263	16,554	-	5,585	64,897	12,227	5,400	5,472	
Balance, End of the period	$ 1,009,186	$ -	$ 550,442	$ -	$ 1,438,625	$ 495,559	$ -	$ -	
Cumulative costs:									
Acquisition	$ 3,080,387	$ 202,147	$ 493,892	$ 120,874	$ 706,314	$ 83,496	$ 70,046	$ 98,726	
Exploration	890,485	236,298	1,052,002	57,030	557,857	316,878	99,245	134,714	
Professional & other fees	428,266	72,573	145,966	32,776	126,288	97,575	40,364	44,122	
Asset write-off	-	(164,350)	-	(132,442)	-	-	(136,350)	(194,749)	
Recoveries	(3,513,917)	(332,477)	(1,141,418)	(79,768)	-	(8,057)	(76,337)	(84,950)	
Foreign exchange movements	123,965	(14,191)	-	1,530	48,166	5,667	3,032	2,137	
	$ 1,009,186	$ -	$ 550,442	$ -	$ 1,438,625	$ 495,559	$ -	$ -	

(Expressed in Canadian Dollars)

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

For the year ended September 30, 2014

…Cont'd	Coatan Mexico	Sierra Salada Mexico	Flute Canada	Lennac Canada	Total
Acquisition costs	$ 3,265	$ 8,629	$ -	$ -	$ 249,548
Exploration costs:					
Assaying	-	6,636	-	-	13,951
Field & camp costs	-	3,421	700	157	34,933
Geological consulting	-	10,782	-	-	136,521
Surveys & geophysics	-	-	-	-	14,585
Transport & support	150	2,718	-	-	47,812
Total current exploration costs	150	23,557	700	157	247,802
Professional & other fees:					
Professional consulting	3,000	-	2,125	-	89,750
Legal fees	15,868	186	-	-	80,957
Others	22	37	-	-	19,863
Total current professional & other fees	18,890	223	2,125	-	190,570
Total costs incurred during the period	22,305	32,409	2,825	157	687,920
Balance, Opening	146,875	278,408	-	-	4,872,692
Asset write-off	-	-	-	-	(627,891)
Recoveries	(24,656)	-	-	-	(1,299,984)
Foreign exchange movements	9,360	13,501	-	-	342,259
Balance, End of the period	$ 153,884	$ 324,318	$ 2,825	$ 157	$ 3,974,996

Cumulative costs:					
Acquisition	$ 55,394	$ 47,544	$ -	$ -	$ 4,958,820
Exploration	88,844	235,611	700	157	3,669,821
Professional & other fees	24,608	30,580	2,125	-	1,045,243
Asset write-off	-	-	-	-	(627,891)
Recoveries	(24,656)	-	-	-	(5,261,580)
Foreign exchange movements	9,694	10,583	-	-	190,583
	$ 153,884	$ 324,318	$ 2,825	$ 157	$ 3,974,996

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

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

The terms and commitments of the Company with respect to its exploration and evaluation assets are subject to change if and when the Company and its partners mutually agree to new terms and conditions.

(a) Peñoles, Durango, Mexico

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

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

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

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

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

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

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

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

(b) Sugarloaf Peak, Arizona, USA

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

i. Incurring $5,000,000 of cumulative exploration expenditures on the property as follows:

- $500,000 on or before December 17, 2015 (amended);
- $2,000,000 (cumulative) on or before December 17, 2016; and
- $5,000,000 (cumulative) on or before December 17, 2017.

ii. Payment of cash and issuance Croesus Gold shares over a four-year period which was amended on December 18, 2015 as follows:

- $400,000 and 4,000,000 common shares on December 18, 2015 (received cash and shares subsequently);
- An additional $50,000 on or before June 18, 2016;
- An additional $50,000 on or before December 18, 2016;
- An additional 500,000 common shares if Croesus has not completed all required cash payments on or prior to December 18, 2016;
- An additional $100,000 on or before June 18, 2017; and
- An additional $100,000 on or before December 18, 2017.

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

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

(c) Coatan, Chiapas, Mexico

On May 22, 2015, Millrock Resources Inc. notified the Company that it cancelled its option on the property. The Company surrendered the property concessions on June 12, 2015.

(d) Sierra Salada, Mexico

On June 30, 2015, the Company dropped the property and write off the carrying value of $331,975.

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

(e) Tajitos and Clemente, Mexico

The Company has a 100% interest in these properties.

Subsequent to year end, the Company entered into an option agreement with Centerra Exploration B.V. to option out 70% interest in the Tajitos-Tejo property (Note 21).

(f) Antofagasta Exploration Alliance, British Columbia, Canada

Flute and Lennac Projects

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

Swift Katie Project

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

(g) Hochschild Exploration Alliance, Sonora, Mexico

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

(h) Antofagasta Exploration Alliance, Sonora, Mexico

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

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.

(Expressed in Canadian Dollars)

12. 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, 2015	September 30, 2014
Payables to vendors	$ 116,096	$ 278,335
Exploration advances	329,831	539,955
	$ 445,927	$ 818,290

13. 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

Transactions for the year ended September 30, 2015 were as follows:

(a) The Company issued 40,000 bonus shares at a value of $14,000 to certain executive officers as a performance bonus which was accrued in fiscal year 2014.

Transactions for the year ended September 30, 2014 were as follows:

(b) The Company issued 105,000 bonus shares at a value of $35,175 to certain executive officers as a performance bonus for 2013 and accrued 40,000 bonus shares at a value of $14,000 to an executive officer as a performance bonus for 2014.

(c) The Company issued 25,000 common shares on the exercise of options for proceeds of $9,750, and allocated $14,991 from reserves to capital stock representing share-based payments recognized on the original vesting of the option.

Share purchase and agents warrants

As of September 30, 2015, the Company had no warrants outstanding (September 30, 2014 – nil).

Stock options

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

(Expressed in Canadian Dollars)

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

Stock options (cont'd…)

On November 14, 2014, the Company granted 1,087,000 options, exercisable at a price of $0.27 per common share for a period of 5 years. 275,000 options were granted to directors of the Company vesting at 33% every six months, and 812,000 options were granted to officers and consultants of the Company vesting at 25% every three months. The share-based payments for these options were calculated based on the following weighted average assumptions:

Forfeiture rate[(1)]	2.30%
Estimated risk-free rate	1.53%
Expected volatility	53.74%
Estimated annual dividend yield	0.00%
Expected life of options	5.00 years
Fair value per option granted	$0.13

(1) Based on actual forfeitures of the granted options.

On February 27, 2014, the Company re-priced 860,000 options from $0.98 to $0.50 and 715,000 options from $0.94 to $0.50. The incremental fair value of the modified stock options was $197,391, which was recorded as reserves on the statement of financial position. The associated share-based payments for the modified options were calculated based on the following weighted average assumptions:

Number of options	860,000	715,000
Original exercise price	$0.98	$0.94
Modified exercise price	$0.50	$0.50
Forfeiture rate	0.00%	0.00%
Estimated risk-free rate	0.935%	1.045%
Expected volatility	57.68%	54.63%
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	1.86 years	2.53 years

Share-based payments relating to options vested during the year ended September 30, 2015 using the Black-Scholes option pricing model was $124,324 (2014 - $39,253), which was also recorded as reserves on the statements of financial position.

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, 2013	3,060,000	$ 0.76
Cancelled	(25,000)	$ 0.65
Exercised	(25,000)	$ 0.39
Expired	(657,500)	$ 0.41
Outstanding options, September 30, 2014	2,352,500	$ 0.55
Cancelled	(297,500)	$ 0.55
Granted	1,087,000	$ 0.27
Outstanding options, September 30, 2015	3,142,000	$ 0.45

(Expressed in Canadian Dollars)

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

Stock options (cont'd…)

As at September 30, 2015, 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
01/06/2016[1]	860,000	0.27	$ 0.50	860,000
09/08/2016	605,000	0.94	$ 0.50	605,000
12/14/2017	625,000	2.21	$ 0.65	625,000
11/14/2019	1,052,000	4.13	$ 0.27	674,417
	3,142,000	2.08		2,764,417

(1) Options expired subsequent to September 30, 2015 (Note 21).

14. Income taxes

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

	2015	2014
Net loss for the year	$ (2,861,752)	$ (2,241,817)
Expected income tax recovery	$ (744,000)	$ (583,000)
Change in statutory, foreign tax, foreign exchange rates and other	143,000	(109,000)
Permanent difference	161,000	127,000
Impact on prior year provision per statutory tax return and expiry of non-capital losses	320,000	(215,000)
Change in unrecognized deductible temporary differences	120,000	780,000
Total income taxes	$ -	$ -

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

	2015	2014
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ (636,000)	$ (953,000)
Property and equipment	73,000	60,000
Non-capital losses	563,000	893,000
Net deferred tax liability	$ -	$ -

(Expressed in Canadian Dollars)

14. Income taxes (cont'd…)

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

	2015	2014
Deferred tax assets (liabilities)		
Share issue costs	$ -	$ 18,000
Allowable capital losses	165,000	165,000
Non-capital losses	2,762,000	2,741,000
Capital assets	45,000	37,000
Marketable securities	378,000	247,000
Exploration and evaluation assets	223,000	245,000
	$ 3,573,000	$ 3,453,000

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

	September 30, 2015	**Expiry dates**	**September 30, 2014**	**Expiry dates**
Share issue costs	$ -	N/A	$ 68,000	2034-2035
Allowable capital losses	633,000	2016-2035	633,000	N/A
Non-capital losses	10,352,000	N/A	10,191,000	2015-2034
Capital assets	175,000	N/A	143,500	N/A
Exploration and evaluation assets	859,000	N/A	940,000	N/A
Marketable securities	2,909,000	N/A	1,902,000	N/A

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

(Expressed in Canadian Dollars)

15. Related party transactions

The financial statements include the accounts of the Company and its subsidiaries listed in the table of Note 4(a).

The Company entered into the following transactions with related parties:

Payee	Nature of transactions	Year ending September 30	Fees ($)	Shares ($)	Amount payable at year end ($)
Arriva Management Inc.	Management and consulting fees	2015 2014	235,000 284,992	nil 16,750	nil 54,829
GSBC Financial Management Inc.	Management and consulting fees	2015 2014	170,004 210,004	nil 27,400	nil nil
Talpa Geoscience Ltd.	Consulting fees	2015 2014	nil 153,333	nil 5,025	nil nil
Dorado Minerals	Consulting fees	2015 2014	153,000 28,000	nil nil	nil 16,472
Michael Doggett	Director fees	2015 2014	12,000 12,000	nil nil	3,000 nil
William Lee	Director fees	2015 2014	12,000 12,000	nil nil	1,521 nil
Brian Groves	Director fees	2015 2014	12,000 12,000	nil nil	nil nil
James Clare	Director fees	2015 2014	12,000 12,000	nil nil	3,000 nil

The Company made a loan to a private company with a related officer/director (Note 8). At September 30, 2015, the amount outstanding including interest and fees was $150,000 (2014 - $150,000) and was written off during the year.

At September 30, 2015, the amount payable to Corex Management Inc. was $9,616 (2014 - $6,737) for expense reimbursements.

(Expressed in Canadian Dollars)

15. Related party transactions (cont'd…)

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the year ended September 30, 2015 and 2014 are as follows:

		2015		2014
Directors fees	$	48,000	$	48,000
Management and consulting fees (i)		558,004		676,329
Performance bonus shares		14,000		49,175
Share-based payments (ii)		94,932		192,441
	$	714,936	$	965,945

(i) Management and consulting fees of the key management personnel for the year were allocated as follows: $132,000 (2014 - $111,900) expensed to consulting fees in the statement of operations, $69,069 (2014 - $149,800) capitalized to exploration and evaluation assets, $nil (2014 - $2,000) expensed to property investigation and evaluation in the statement of operations, and $356,935 (2014 - $412,629) capitalized to exploration work performed for alliances that will be reimbursed.

(ii) Share-based payments are for the vesting of stock options granted to key management personnel on November 14, 2014 (Note 13). The amount for the year ended September 30, 2014 includes amounts for vesting of stock options and the incremental fair value of modified stock options.

16. Segmented information

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

		September 30, 2015		September 30, 2014
Equipment				
Canada	$	19,634	$	51,083
Mexico		89,083		132,246
		108,717		183,329
Exploration and evaluation assets				
Canada		2,982		2,982
Mexico		2,272,914		3,421,572
USA		382,344		550,442
		2,658,240		3,974,996
Total	$	2,766,957	$	4,158,325

(Expressed in Canadian Dollars)

17. Supplemental disclosure with respect to cash flows

	2015	2014
Cash paid during the year for income taxes	$ -	$ -
Cash paid during the year for interest	$ -	$ -

The significant non-cash transactions for the year ended September 30, 2015 were as follows:

a) The Company issued 40,000 common shares at a value of $14,000 to an executive officer as a performance bonus in 2015 which was accrued for in fiscal 2014. Of the total amount, $3,500 were expensed to consulting fees in the statement of operations, $3,500 were capitalized to exploration and evaluation assets, and $7,000 were capitalized to exploration work performed for alliances that was reimbursed in the year ended September 30, 2014.

b) The Company received 15,000,000 Morro Bay shares with a value of $750,000 for the Penoles property which was recorded as an exploration and evaluation asset recovery (Note 11(a)).

c) The Company received 2,000,000 Croesus Gold shares valued at $200,000 for the Sugarloaf Peak property which was recorded as an exploration and evaluation asset recovery (Note 11(b)).

d) Included in accounts payable and accrued liabilities was $34,349 in exploration and evaluation asset expenditures.

The significant non-cash transactions for the year ended September 30, 2014 were as follows:

e) The Company accrued 40,000 common shares at a value of $14,000 to an executive officer as a performance bonus for 2014. Of which, $3,500 were expensed to consulting fees in the statement of operations, $3,500 were capitalized to exploration and evaluation assets, and $7,000 were capitalized to exploration work performed for alliances that will be reimbursed. The shares were issued in fiscal 2015.

f) The Company issued 105,000 common shares at a value of $35,175 to certain executive officers as a performance bonus for 2013. Of which, $8,794 were expensed to property investigation and evaluation, and $26,381 were capitalized to exploration and evaluation assets.

g) The Company received 13,841,109 Morro Bay shares valued at $1,120,597 as exploration and evaluation asset recoveries.

h) 25,000 stock options with a fair value of $14,991 were exercised for proceeds of $9,750.

i) Included in accounts payable and accrued liabilities was $47,253 in exploration and evaluation asset expenditures.

18. Capital management

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

19. 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 taxes receivable, exploration bonds and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, and short-term investments, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities. The fair value of the Company's holding of 1,852,987 warrants of Morro Bay Resources Ltd. is estimated using level 3 inputs which is based on management's estimate that the warrants will remain out of the money and thus have $nil value.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Taxes receivable consist of tax refunds from the Federal Government of Canada and Mexico. The Company believes its credit risk is equal to the amounts of this balance.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash balance of $1,781,941 and short-term investments of $2,477,289 to settle current liabilities of $445,927. The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments which comprises interest on GIC's 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, 2015, the Company had investments in short-term deposit certificates of $1,897,132.

Price risk

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

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

19. Financial instruments (cont'd…)

Foreign currency risk

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

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso. A simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect accumulated other comprehensive income (loss) for the year by approximately $162,000.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 10% fluctuation in the share price would affect short-term investments and loss for the year by approximately $58,016.

20. Commitment

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

21. Subsequent events

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

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

c) On November 30, 2015, the Company issued 320,000 shares at a deemed price of $0.15 to certain Directors and Officers of the Company in accordance with the Company's shareholder approved bonus share plan.

d) On December 18, 2015, the Company amended its option agreement with Croesus on the Sugarloaf Peak Property as disclosed in Note 11(b).

e) 860,000 stock options expired unexercised.

f) On January 7, 2016 the Company granted 955,000 incentive stock options (the "Options") to certain Directors, Officers and Consultants of the Company. The Options are exercisable at $0.145 per share for a period of five years from the date of grant. Options granted to individuals in their capacity as a Director vest in three equal installments over 18 months and Options granted to Officers and Consultants vest in four equal installments over 12 months.

RIVERSIDE RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

INTRODUCTION

The management's discussion and analysis of the financial condition and results of operations ("MD&A") focuses upon the activities, results of operations, liquidity and capital resources of Riverside Resources Inc. (the "Company" or "Riverside") for the year ended September 30, 2015. 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, 2015. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to January 26, 2016 and in Canadian dollars unless otherwise stated.

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

Forward-Looking Statements

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

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

CORPORATE OVERVIEW

The Company is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol "RRI" and is engaged in the acquisition, exploration and development of exploration and evaluation assets in the Americas including Canada, the United States and Mexico where the technical team collectively has more than 80 years of exploration experience and has been part of more than four discoveries that have found mineral resources and gone into production.

The Company combines the experience of mine discoverers John-Mark Staude (President, CEO, Director) and Greg Myers (Vice President of Exploration) with the financing and business management expertise of Rob Scott (CFO), Brian Groves (Director), James Clare (Director), Michael Doggett (Director) and William Lee (Director). The management of the Company has experience developing significant shareholder value and has assembled a team that can build a valuable and successful organization.

CAPITAL STOCK

As at September 30, 2015, the Company had $20,916,978 in capital stock and 37,051,778 common shares outstanding.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the year included the following:

(a) 40,000 bonus shares were issued in 2015 at a value of $14,000 to certain executive officers as a performance bonus accrued in 2014.

(b) 1,087,000 options were granted at $0.27 per common share for a period of 5 years.

(c) 297,500 options were cancelled.

Subsequent to the year-end:

(d) 860,000 options expired unexercised.

(e) 320,000 common shares were issued at a deemed price of $0.15 to certain Directors and Officers of the Company in accordance with the Company's shareholder approved bonus share plan.

(f) 955,000 stock options were granted at $0.145 per share for a period of 5 years.

Warrants

There was no share purchase warrant activity for the year. As of September 30, 2015, the Company had no warrants outstanding (2014 – nil).

OPERATIONS

Mexico

The Company's exploration team remains active in Mexico and continues to cost effectively build a strong portfolio of gold, silver and copper exploration assets. The Company continues to focus on NW Mexico where it has multiple exploration partners funding programs focused on gold and copper. During the year ended September 30, 2015, the Company acquired the Glor Gold Project, the Thor Copper Project and completed first phase exploration programs at each project. Exploration work was also completed at the Company's Tajitos Project, which was optioned to Centerra Gold Inc. subsequent to the year-end.

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

The Tajitos Gold Project consists of three blocks of concessions: Tajitos, El Tejo and Cortez. The Tajitos Project hosts an extensive and well mineralized gold system in northwestern Mexico. The project was identified using a combination of the Company's Mexico mineral databases, local geologic knowledge, historic production data, and extensive personal networks. Previous drilling by the Fresnillo plc intersected gold quartz veins and found mineralization extending beyond the veins into the wall rock zones on ground currently optioned by the Company.

The Company completed a ground magnetic survey which shows favourable indications that the prospective trend of gold-rich Mesozoic volcanosedimentary mineralization extends to the southeast under shallow post-mineralization cover. The Company has since completed further follow up on the more than 10 known small workings on the Tejo and Cortez concessions generating new and expanding existing target areas for future drill testing. On October 20, 2015, subsequent to the year-end, the Company signed an option agreement with Centerra Gold Inc. ("Centerra) whereby Centerra can earn a 70% interest in the Tajitos Project. In order to exercise the option, Centerra must incur $6-million (U.S.) in aggregate exploration expenditures within approximately four years of signing the agreement.

The Company continues to take steps toward identifying a large orogenic gold body with similar geologic structures, surface mineralization, and age of host rocks to nearby open-pit mines like the ones at Chanate, Herradura, and Noche Buena mines.

Please visit the Company's website and SEDAR filings for further information on the option agreement signed with Centerra and for further project details.

Peñoles Project, Durango, Mexico

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

The US$1,250,000 and CAD$100,000 cash payments previously required to be paid by December 31, 2014 will now be applied as a credit for Riverside towards initial joint venture expenditures under the joint venture. Morro Bay will be required to incur a minimum of $750,000 in joint venture expenditures for each of the first three years of the Joint Venture. In the event that Morro Bay fails to meet the minimum required joint venture expenditures, Riverside will have the right to take back 100% ownership of the Project, subject to returning 80% of the common shares issued by Morro Bay to Riverside under the option agreement, and granting Morro Bay a 0.75% NSR, which can be purchased by Riverside for $750,000 at any time.

On March 2, 2015, the Company and its partner, Morro Bay, reported an initial maiden resource estimate for the Jesus Maria Silver and El Capitan Gold zones. The Jesus Maria and El Capitan deposits form relatively continuous zones of mineralization that are potentially amenable to open pit extraction methods. Jesus Maria is a silver and base metals deposit with minor amounts of contained gold. Conversely, El Capitan is primarily a gold-bearing deposit with minor silver credits. The deposits are separated by approximately 300m and the mineralized zones are interpreted to merge together to the west, where additional drilling is planned to potentially connect the zones and expand resources.

The mineral resource estimate for the Jesus Maria Silver Zone is based on results from 30 diamond drill-core holes and 3,114 metres of drilling completed as at December 30, 2014, and consists of (30 g/t silver cut-off):

- An inferred resource of 7.6 million tonnes containing 15,158,000 ounces of silver at an average grade of 62.3 g/t and 26,000 ounces of gold at an average grade of 0.105 g/t gold.

The mineral resource estimate for the El Capitan Gold Zone is based on results from 50 diamond drill-core holes and 7,004 metres of drilling completed as at December 30, 2014, and consists of (0.25 g/t gold cut-off):

- An inferred resource of 20.7 million tonnes containing 305,000 ounces gold at an average grade of 0.458 g/t gold and 1,832,000 ounces of silver at an average grade of 2.8 g/t silver. (See table below).

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

Hochschild Exploration Alliance, Sonora, Mexico

On April 9, 2013 the Company signed a three-year strategic exploration alliance (the "Hochschild Alliance") with Hochschild Mining Holdings Limited ("Hochschild"), for generative exploration throughout the Mega-shear Gold Belt in western Sonora, Mexico. The Hochschild Alliance commenced at a time when gold and silver prices were materially higher. The Alliance has continued to operate and generate new exploration opportunities and ideas, but the additional project funding required to pursue and progress new targets beyond the generative budgets has decreased during the year. Management attributes this reduction in partner exploration spending primarily to challenging market conditions. As of year-end, the Alliance has US $562,500 in remaining partner funding for further project generation and the Company will continue leveraging its technical knowledge and experience in Sonora to search for distressed asset acquisition opportunities within the Alliance boundary.

On March 26, 2015, the Company announced that it had signed an option agreement with Argonaut Gold Inc. to acquire a 100-per-cent interest in the Glor gold project located approximately eight kilometres west of AuRico's El Chanate mine in Sonora, Mexico. The project acquisition and initial mapping and sampling work were completed as part of Alliance funded activities.

In November 2015, the Company notified the underlying owner of the Cajon project that the Company was terminating the option agreement.

Further information on the Hochschild Alliance please visit the Company's website.

Antofagasta Exploration Alliance, Sonora, Mexico

On July 18, 2013 the Company signed a three-year, US$1,800,000 strategic exploration alliance (the "Antofagasta Mexico Alliance") with Antofagasta Investment Company Limited ("AICL") for generative exploration throughout the southern extension of the Laramide Copper Belt in eastern Sonora, and western Chihuahua, Mexico. The Antofagasta Mexico Alliance is focused on identifying potential new large porphyry-copper deposits using the Company's locally based technical knowledge and experience in Sonora.

On February 18, 2015, the Company announced the staking and acquisition of the Thor claims located in Sonora, Mexico. Thor is a Laramide aged porphyry copper target that the Company identified during field evaluations, with initial rock chip sampling returning copper values up to 0.9%. On April 13, 2015, the Antofagasta Mexico Alliance designated the Thor porphyry copper project, as a designated project and agreed to finance up to $500,000 (U.S.) for a phase I exploration program on the project. The Company is waiting to receive mineral title for the previously staked claims and expects a drill campaign to commence shortly after title and permits are received.

The Company is actively reviewing potential projects for acquisition and hopes to add additional projects into the Antofagasta Mexico Alliance in 2016.

Clemente Silver-Gold Project

The Company's Clemente project is a strategic early stage exploration property located in Sonora, Mexico. The Company did not complete material work on the Project during the year. A brief summary of the project is available on the Company's website.

Other Mexico Properties

On November 17, 2015, subsequent to year-end, the Company announced that it had won the right to stake concessions in the La Silla gold district in Sinaloa, Mexico. The Company plans to explore consolidation potential with other land owners in the district. In an effort to minimize carrying costs, the Company has dropped older exploration ground that was earlier stage and becoming too costly to hold with such a suppressed market for grassroots exploration. The Company has reduced and rightsized its portfolio in an effort to make room for opportunities to further upgrade the portfolio while market conditions challenge other companies with limited capital.

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

USA

Sugarloaf Peak Project, Arizona, USA

The Sugarloaf Peak Project ("Sugarloaf") has the potential to host a large, low-grade, bulk-tonnage gold deposit with additional porphyry copper-gold targets discovered during previous partner funded exploration. The Company owns 100% of the Sugarloaf Peak Project subject to a 1.5% NSR. One percent (1%) of the underlying NSR can be repurchased for $1,000,000.

On December 17, 2014, Riverside signed an option agreement with a private company, Croesus Gold Corp., ("Croesus") whereby Croesus could acquire a 100% interest in Sugarloaf by completing staged exploration expenditures and cash and share payments (see press release dated December 22, 2014 for more details). On December 18, 2015, subsequent to the year-end, the Company agreed to amend the terms of the option agreement with Croesus. Under the revised terms, Croesus paid an additional $400,000 (CAD) on signing and must make $300,000 (CAD) in additional cash payments by Dec 18, 2017. Croesus issued the Company an additional 4,000,000 common shares in the capital of Croesus bringing the Company's ownership to 6,000,000 common shares. Once all of the cash and share payments are completed, Croesus will earn an undivided 100 percent interest in the Sugarloaf Peak gold project, with the Company retaining a 2 percent net-smelter-return royalty.

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

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

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Company at September 30, 2015 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	**2015**	**2014**	**2013**
Finance, property and other income	$ 60,934	$ 331,857	$ 321,193
Net loss	(2,861,752)	(2,241,817)	(2,067,520)
Net loss per share, basic and fully diluted	(0.08)	(0.06)	(0.06)
Cash and short-term investments	4,259,230	6,277,611	6,491,733
Total assets	7,416,756	10,857,453	12,126,486
Long term debt	-	-	-
Dividends	-	-	-

The Company is in the exploration stage. Aside from finance income, the Company earned other income as a result of renting exploration equipment and vehicles to the alliance programs while acting as the operator on various exploration programs during the year of 2015, and accruing interest on a loan lent to a private company.

The net loss in 2015 was primarily due to the ongoing costs of the business, an unrealized loss on the held-for-trading securities that the Company received through option agreements with partners on various properties, and write-down of exploration and evaluation assets and short-term investments.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Year ended September 30

For the year ended September 30, 2015, the Company incurred a net loss of $2,861,752, resulting in a loss per share of $0.08. The loss was attributable to operating expenses of $1,156,490 before considering the effect of the foreign exchange gain of $81,045, an unrealized loss on short-term investments of $1,006,544*, write-down of exploration and evaluation assets of $479,062, write-down of loan receivable of $150,000, write-down of other receivables of $11,635, and write-down of short-term investments of $200,000, which were offset by finance income of $55,446 and other income of $5,488.

For the year ended September 30, 2014, the Company incurred a net loss of $2,241,817, resulting in a loss per share of $0.06. The loss was attributable to operating expenses of $1,250,242 before considering the effect of the foreign exchange gain of $10,702, an unrealized loss on short-term investments of $369,007*, write-down of exploration and evaluation assets of $627,891, write-down of other receivables of $202,574, and write-down of short-term investments of $134,662, which were offset by finance income of $79,348, and other income of $252,509.

Fourth quarter ended September 30

For the quarter ended September 30, 2015, the Company incurred a net loss of $1,396,525, resulting in a loss per share of $0.04. The loss was attributable to operating expenses of $324,382 before considering the effect of the foreign exchange loss of $67,037, an unrealized loss on short-term investments of $867,698*, reduction of the write-down of exploration and evaluation assets of $17,767 due to the effect of foreign exchange, write-down of loan receivable of $150,000, write-down of other receivables of $11,635, write-down of short-term investments of $nil, and finance expense of $3,896, which was offset by other income of $10,356.

For the quarter ended September 30, 2014, the Company incurred a net loss of $1,082,711, resulting in a loss per share of $0.03. The loss was attributable to operating expenses of $283,884 before considering the effect of the foreign exchange gain of $4,815, an unrealized loss on short-term investments of $316,312*, write-down of exploration and evaluation assets of $268,792, write-down of other receivables of $202,574, and write-down of short-term investments of $134,662, which were offset by finance income of $21,246, other income of $97,452.

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

Exploration

The Company capitalizes all exploration costs relating to its resource interests whereas pre-exploration costs are expensed as incurred. During the year ended September 30, 2015, the Company recorded $480,787 in acquisition and exploration of its properties as follows:

- US
  - Sugarloaf Peak $ 81,902
- Mexico
  - Peñoles $ 169,955
  - Tajitos $ 183,243
  - Clemente $ 25,886
  - Sierra Salada $ 19,801

The Company recovered $1,055,120 of the acquisition and exploration expenditures through option agreements with partners on various properties during the year ended September 30, 2015, which reduced the cumulative exploration costs. In addition, $479,062 was written-off to operations in regards to the Coatan and Sierra Salada properties.

During the year ended September 30, 2014, the Company recorded $687,920 in acquisition and exploration of its properties as follows:

- US
  - Sugarloaf Peak $ 109,046
- Mexico
  - Peñoles $ 224,154
  - Cerro Azul $ 32,235
  - El Pedernal $ 31,784
  - Tajitos $ 160,889
  - Clemente $ 50,615
  - La Catrina $ 16,448
  - La Escondida $ 5,053
  - Coatan $ 22,305
  - Sierra Salada $ 32,409
- Canada
  - Flute $ 2,825
  - Lennac $ 157

The Company recovered $1,299,984 of the acquisition and exploration expenditures through option agreements with partners on various properties during the year ended September 30, 2014, which reduced the cumulative exploration costs. In addition, $627,891 was written-off to operations in regards to the Cerro Azul, El Pedernal, La Catrina, and La Escondida properties.

Full particulars of the deferred exploration costs are shown in Note 11 to the Financial Statements.

Recoveries and Other Income

During the year ended September 30, 2015, the Company received the following, which were recorded as a reduction to the capitalized cost of exploration and evaluation assets:

- $55,120 with respect to the reimbursement of concession fees on the Penoles Property,
- 15,000,000 Morro Bay Resources Ltd. shares valued at $750,000 with respect to the option agreement
- 2,000,000 Croesus Gold Corp. shares valued at $200,000 and $50,000 in cash with respect to the option agreement on the Sugarloaf Peak Property.

Finance income and other income for the year ended September 30, 2015 were $55,446 and $5,488 respectively.

During the year ended September 30, 2014, the Company received the following, which were recorded as a reduction to the capitalized cost of exploration and evaluation assets:

- $24,656 with respect to the option agreement and the reimbursement of concession fees on the Coatan Property,
- $8,057 with respect to the reimbursement of concession fees on the Clemente Property,
- $146,674 with respect to the reorganization agreement and the reimbursement of concession fees on the Penoles Property, and
- 13,841,109 Morro Bay shares valued at $1,120,597 and 1,852,987 Morro Bay warrants with a fair value at $nil with respect to the option agreement on the Penoles Property.

Finance income and other income for the year ended September 30, 2014 were $79,348 and $252,509 respectively.

Other income consists of revenues from exploration equipment and vehicle rentals to the alliance programs while acting as the operator on various exploration programs, and gain on the sale of equipment.

Expenses

During the year ended September 30, 2015, the Company incurred $41,548 in depreciation, $232,530 in consulting fees, $48,000 in directors' fees, $114,963 in investor relations fees, $118,728 in professional fees, $108,951 in property investigation and evaluation expenses, $124,324 in share-based compensation, $29,617 in travel, $337,829 in general and administrative expenses. In addition, the Company incurred $1,006,544 in an unrealized loss on short-term investments, $479,062 in exploration asset write-down, $150,000 in loan receivable write-down, $11,635 in other receivables write-down, and $200,000 in short-term investments write-down. The Company earned $55,446 in finance income, $5,488 in other income, and $81,045 in foreign exchange gain.

During the year ended September 30, 2014, the Company incurred $61,257 in depreciation, $121,809 in consulting fees, $48,000 in directors' fees, $128,877 in investor relations fees, $140,250 in professional fees, $89,936 in property investigation and evaluation expenses, $236,644 in share-based compensation, $53,112 in travel, $370,357 in general and administrative expenses. In addition, the Company incurred $369,007 in an unrealized loss on short-term investments, $627,891 in exploration asset write-down, $202,574 in other receivables write-down, and $134,662 in short-term investments write-down. The Company earned $79,348 in finance income, $252,509 in other income, and $10,702 in foreign exchange gain.

Compared to the previous year, investor relations and travel expenses were lower due to reduced marketing activity in response to challenging market conditions. Professional fees decreased as the Company had legal counsel review a larger volume of documents pertaining to mining concession ownership in the prior year. Property investigation and evaluation was higher due additional investigation of potential projects. Consulting fees were higher as a result of less operator fees earned from various alliances due to decreased expenditures on the projects compared to prior year. The decrease in the share-based compensation was due to the recognition of the incremental fair value of modified stock options in the prior year.

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

RISKS AND UNCERTAINTIES

In conducting its business the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

Property Risks

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

Title Risks

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

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

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

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

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

Competition

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

Dependence on Key Personnel

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

Fluctuating Mineral and Metal Prices

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

Future Financings

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

Price Volatility of Publicly Traded Securities

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

SUMMARY OF QUARTERLY RESULTS

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

Quarter end	Finance income (expense)	Property and other income (expense)	Unrealized gain/(loss) on short-term investments	Net income (loss)	Loss per share (basic & fully diluted)
30-Sep-15	(3,896)	10,356	(867,698)	(1,396,525)	(0.04)
30-Jun-15	25,010	(20,424)	(4,205)	(671,486)	(0.02)
31-Mar-15	16,079	14,111	283,637	15,494	0.00
31-Dec-14	18,253	1,445	(418,278)	(809,235)	(0.02)
30-Sep-14	21,246	97,452	(316,311)	(1,082,711)	(0.03)
30-Jun-14	19,459	43,095	92,069	(271,536)	(0.01)
31-Mar-14	18,062	39,264	(190,775)	(600,549)	(0.02)
31-Dec-13	20,581	72,698	46,010	(287,021)	(0.01)

Other than the ongoing costs of the business, the net loss for the quarter ended September 30, 2015 was mainly due to the write-down of loan receivable and mark to market unrealised losses on marketable securities in short-term investments. The net income for the quarter ended March 31, 2015 compared to the succeeding and the immediately preceding quarter was due to the unrealized gain on short-term investments. The increased net loss for the quarter ended March 31, 2014 compared to the succeeding and the immediately preceding quarter was due to the incremental fair value of the re-priced stock options and an unrealized loss on the marketable securities that the Company received through option agreements with partners on various properties.

LIQUIDITY AND CAPITAL RESOURCES

The Company relies on equity financings and exploration alliances for its working capital requirements and to fund its planned exploration and development activities. Management ensures the Company has sufficient cash in its treasury to maintain underlying option payments and keep claims in good standing. Decrease in cash for the year ended September 30, 2015 was $1,578,948. Working capital as at September 30, 2015 was $4,070,764. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

Increase in cash for the year ended September 30, 2014 was $1,134,128 and short-term investments decreased by $1,348,250. Working capital as at September 30, 2014 was $5,604,860.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are in the normal course of operations and are recorded at their exchange amount which is the price agreed to between the Company and the directors and officers.

The Company entered into the following transactions with related parties:

Payee	Nature of transactions	Year ending September 30	Fees ($)	Shares ($)	Amount payable at year end ($)
Arriva Management Inc.	Management and consulting fees	2015 2014	235,000 284,992	nil 16,750	nil 54,829
GSBC Financial Management Inc.	Management and consulting fees	2015 2014	170,004 210,004	nil 27,400	nil nil
Talpa Geoscience Ltd.	Consulting fees	2015 2014	nil 153,333	nil 5,025	nil nil
Dorado Minerals	Consulting fees	2015 2014	153,000 28,000	nil nil	nil 16,472
Michael Doggett	Director fees	2015 2014	12,000 12,000	nil nil	3,000 nil
William Lee	Director fees	2015 2014	12,000 12,000	nil nil	1,521 nil
Brian Groves	Director fees	2015 2014	12,000 12,000	nil nil	nil nil
James Clare	Director fees	2015 2014	12,000 12,000	nil nil	3,000 nil

The Company made a loan to a private company with a related officer/director. At September 30, 2015, the loan amount outstanding was $100,000 plus $50,000 in interest and fees (2014 - $150,000). The full $150,000 was written down during the year.

At September 30, 2015, the amount payable to Corex Management Inc., a private management company controlled by an officer of the Company, was $9,616 (2014 - $6,737) for expense reimbursements.

CONTRACTUAL AND OTHER OBLIGATIONS

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 4 to the consolidated financial statements for the year ended September 30, 2015. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

Exploration and Evaluation Assets

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

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

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

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

Impairment of Long-Lived Assets

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

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

Critical Accounting Estimates, Judgments, and Assumptions

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

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

<u>Carrying value and recoverability of exploration and evaluation assets</u>

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

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

Functional currencies

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

Fair value of stock options and warrants

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

Income taxes

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

Share-based payments

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

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

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

Financial instruments

Financial assets

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

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

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

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

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

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

<u>Financial liabilities</u>

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

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

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

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

New standards adopted during the year

Effective October 1, 2014, the following standards were adopted but have had no material impact on the consolidated financial statements:

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2015.

New standards and interpretations not yet adopted

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

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

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 10 Investment Entities – Amendment: effective for periods beginning on or after January 1, 2014.
- IFRIC 21 Levies: effective for periods beginning on or after January 1, 2014.
- IFRS 15 Revenue from contracts with customers: effective for periods beginning on or after January 1, 2018.

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 taxes receivable, exploration bonds and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, and short-term investments, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities. The fair value of the Company's holding of 1,852,987 warrants of Morro Bay Resources Ltd. is estimated using level 3 inputs which is based on management's estimate that the warrants will remain out of the money and thus have $nil value.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Taxes receivable consist of tax refunds from the Federal Government of Canada and Mexico. The Company believes its credit risk is equal to the amounts of this balance.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash balance of $1,781,941 and short-term investments of $2,477,289 to settle current liabilities of $445,927. As at September 30, 2014, the Company had a cash balance of $3,360,889 and short-term investments of $2,916,722 to settle current liabilities of $818,290. The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments which comprises interest on GIC's 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, 2015, the Company had investments in short-term deposit certificates of $1,897,132.

Foreign currency risk

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

Price risk

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

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

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso. A simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect accumulated other comprehensive income (loss) for the year by approximately $162,000.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 10% fluctuation in the share price would affect short-term investments for the year by approximately $58,016.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 37,371,778 common shares were issued and outstanding as of the date of this MD&A.

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

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

Number of Options	Option Exercise Price	Expiry Date
605,000	$0.500	08-Sep-2016
625,000	$0.650	14-Dec-2017
1,052,000	$0.270	14-Nov-2019
955,000	$0.145	07-Jan-2021
3,237,000		