

# RIVERSIDE RESOURCES INC.

(Unaudited)

(An Exploration Stage Enterprise)

Consolidated Financial Statements

June 30, 2009

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### **Notice of Non-review of Interim Consolidated Financial Statements**

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The attached interim consolidated financial statements for the six month period ended June 30, 2009 have not been reviewed by the Company's auditors.

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# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)  
Consolidated Balance Sheets as at  
(Unaudited)

	June 30, 2009	September 30, 2008
<b>Assets</b>		
Current assets:		
Cash	\$ 188,932	\$ 174,127
Short-term investments	4,025,446	3,767,243
Taxes receivable	217,897	119,009
Other receivables	253	12,996
Prepaid expenses	57,538	54,445
	4,490,066	4,127,820
Equipment	12,421	13,938
Mineral Properties (Note 4)	1,622,152	1,594,022
	\$ 6,124,639	\$ 5,735,780

## Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 253,958	\$ 177,885
Shareholders' equity:		
Share capital (Note 5b)	8,895,336	7,428,603
Contributed surplus (Note 5b)	554,357	344,153
Deficit	(3,579,012)	(2,214,861)
	5,870,681	5,557,895
	\$ 6,124,639	\$ 5,735,780

Nature of Operations (Note 1)  
Basis of Presentation (Note 2)  
Commitment (Note 11)  
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### On behalf of the Board:

<u>“Murray Seitz”</u>	Director	<u>“Brian Groves”</u>	Director
Murray Seitz		Brian Groves	

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

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Consolidated Statements of Operations and Deficit for the Periods Ended  
(Unaudited)

	3 Months Ended June 30 2009	3 Months Ended June 30 2008	9 Months Ended June 30 2009	9 Months Ended June 30 2008
<b>Expenses</b>				
Amortization	\$ 2,926	\$ 4,275	\$ 7,939	\$ 11,927
Computer expenses	30	-	669	-
Consulting fees	64,154	66,208	242,179	226,878
Dues and subscriptions	2,544	2,842	10,337	17,615
Filing fees	1,426	2,170	18,670	19,830
Foreign exchange	516	(130)	21,359	5,307
Insurance	6,457	7,685	19,533	22,307
Investor relations	39,531	62,494	119,800	160,678
Office expenses	3,699	5,743	14,396	19,372
Professional development	(23)	6,870	5,346	10,402
Professional fees	11,718	19,146	52,762	89,205
Property investigation and evaluation	44,955	7,251	72,738	32,838
Rent	18,750	20,000	56,250	59,000
Stock-based compensation	75,177	37,073	210,204	98,952
Telecommunications	4,409	5,155	16,570	17,714
Travel and entertainment	7,488	15,793	59,549	68,363
	(283,757)	(262,575)	(928,301)	(860,388)
<b>Other income/(expense)</b>				
Interest Income	16,187	27,498	57,367	69,100
Property Income/(expense)	(71)	-	11,241	-
Unrealized gain/(loss) on short-term investments	12,000	-	6,250	-
Write-down of mineral properties	-	(29,549)	(510,708)	(29,549)
	28,116	(2,051)	(435,850)	39,551
<b>Net loss and comprehensive loss for the period</b>	(255,641)	(264,626)	(1,364,151)	(820,837)
<b>Deficit, beginning of the period</b>	(3,323,371)	(1,723,593)	(2,214,861)	(1,167,382)
<b>Deficit, end of the period</b>	\$ (3,579,012)	\$ (1,988,219)	\$ (3,579,012)	\$ (1,988,219)
<b>Loss per share - basic and diluted</b>	\$ (0.01)	\$ (0.02)	\$ (0.07)	\$ (0.05)
<b>Weighted average number of common shares outstanding</b>				
- basic and diluted	20,807,593	16,947,682	18,828,124	14,962,306

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

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Consolidated Statements of Cash Flows for the Periods Ended  
(Unaudited)

	3 Months Ended June 30 2009	3 Months Ended June 30 2008	9 Months Ended June 30 2009	9 Months Ended June 30 2008
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (255,641)	\$ (264,626)	\$(1,364,151)	\$ (820,837)
Items not involving cash				
Amortization	2,926	4,275	7,939	11,927
Stock-based compensation	75,177	37,073	210,204	98,952
Unrealized gain on short-term investments	(12,000)	-	(6,250)	-
Write-down of mineral properties	-	29,549	510,708	29,549
Change in non-cash working capital items:				
Prepaid expenses	(18,574)	(5,350)	(3,093)	28,140
Tax receivable	(56,986)	(4,613)	(98,888)	(69,357)
Other receivables	16,562	32	12,743	5,327
Accounts payable and accrued liabilities	51,493	21,755	147,516	17,945
	(197,043)	(181,905)	(583,272)	(698,354)
<b>INVESTING ACTIVITIES</b>				
Acquisition of equipment	(2,998)	(2,495)	(6,422)	(7,006)
Mineral interest acquisition and exploration	(227,984)	(490,493)	(593,031)	(986,036)
Short-term investments	(955,788)	(1,720,786)	(258,703)	(3,655,211)
	(1,186,770)	(2,213,774)	(858,156)	(4,648,253)
<b>FINANCING ACTIVITIES</b>				
Share capital, net of issuance costs	1,457,924	1,548,083	1,456,233	4,069,854
Share subscription received	-	-	-	225
	1,457,924	1,548,083	1,456,233	4,070,079
Increase/(decrease) in cash	74,111	(847,596)	14,805	(1,276,528)
Cash, beginning of the period	114,821	1,301,751	174,127	1,730,683
Cash, end of the period	\$ 188,932	\$ 454,155	\$ 188,932	\$ 454,155

Supplemental Disclosures with respect to Cash Flows (Note 10)

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

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

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## 1. Nature of Operations:

Riverside Resources Inc (“the Company”) was incorporated under the laws of British Columbia, Canada on July 4, 2006 and is primarily engaged in the acquisition, exploration and development of mineral properties located in Mexico and United States. On June 28, 2007, the Company incorporated a subsidiary, Riverside Resources Mexico, S.A., de C.V. in Mexico. On March 24, 2009, the Company incorporated a subsidiary, RRI Exploration Inc (“RRI”) in Nevada, United States.

## 2. Basis of Presentation:

The unaudited interim financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim information. These interim financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2008. In management’s opinion, all adjustments necessary for fair presentation have been included in these interim financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year.

## 3. Change in Accounting Policy:

The Company adopted the new standard “Goodwill and Intangible Assets” (Section 3064) for its fiscal year beginning October 1, 2008. This Section replaces Section 3062 “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development Costs”. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of the section did not have a significant impact on the Company’s financial position.

### *Credit Risk and the Fair Value of Financial Assets and Liabilities (EIC-173)*

In January 2009, the Emerging Issues Committee (“EIC”) issued EIC -173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.” This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. The adoption of this standard did not have a material impact on the Company’s financial statements.

### *Mining Exploration Costs (EIC-174)*

On March 27, 2009, the CICA approved EIC-174 “Mining Exploration Costs.” This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

This standard was effective for the Company beginning April 1, 2009. The adoption of this standard did not have a material impact on the Company’s financial statements.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

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### 3. Change in Accounting Policy: (continued)

#### **Future Accounting Change:**

The Canadian Accounting Standards Board (“AcSB”) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### *Business Combinations (Section 1582)*

In January 2009, the CICA issued Section 1582 “Business Combinations” to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

#### *Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)*

The CICA concurrently issued Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” which replace Section 1600 “Consolidated Financial Statements.” Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 “Business Combinations.” The Company does not expect the adoption of this section to have a significant effect on its financial statements.

**RIVERSIDE RESOURCES INC.**  
(An Exploration Stage Enterprise)  
Notes to the Consolidated Financial Statements  
For the nine months ended June 30, 2009  
(Unaudited)

**4. Mineral Properties:**

For the nine months ended June 30, 2009

	Scheelite Dome Canada	Chapalota Mexico	La Ventosa Mexico	Penoles (formerly El Capitan) Mexico	Cerro Azul Mexico	Libertad Mexico	Sugarloaf Peak USA	Total
Acquisition costs	\$ -	\$ 3,553	\$ 4,418	\$ 91,755	\$ 7,367	\$ 22,995	\$ 77,712	\$ 207,800
Exploration costs:								
Assaying	-	-	-	29,470	2,943	1,771	1,533	35,717
Camp costs	-	-	-	534	134	71	-	739
Field costs	-	-	-	214	388	207	1,610	2,419
Geological consulting	-	-	-	82,028	32,064	50,514	110,735	275,341
Labour	-	-	-	1,117	660	491	-	2,268
Travel	38	-	71	26,915	8,180	12,521	16,040	63,765
Total current exploration costs	38	-	71	140,278	44,369	65,575	129,918	380,249
Professional fees:								
Professional consulting	1,500	5,250	4,250	12,500	-	5,000	16,350	44,850
Legal fees	482	4,130	5,354	6,122	503	2,069	12,160	30,820
Others	-	-	-	9,119	-	-	730	9,849
Total current professional fees	1,982	9,380	9,604	27,741	503	7,069	29,240	85,519
Total costs incurred during the period	2,020	12,933	14,093	259,774	52,239	95,639	236,870	673,568
Balance, Opening	508,688	38,468	13,161	717,357	68,827	60,583	186,938	1,594,022
Property written off	(510,708)	-	-	-	-	-	-	(510,708)
Recoveries	-	(51,401)	(27,254)	-	-	(56,075)	-	(134,730)
Balance, End of the period	\$ -	\$ -	\$ -	\$ 977,131	\$ 121,066	\$ 100,147	\$ 423,808	\$ 1,622,152
Cumulative costs:								
Acquisition	\$ 116,367	\$ 15,210	\$ 16,537	\$ 223,094	\$ 15,565	\$ 43,601	\$ 162,890	\$ 593,264
Exploration	432,905	81,452	33,268	678,074	103,805	104,359	219,451	1,653,314
Professional	11,436	20,915	19,268	75,963	1,696	8,262	41,467	179,007
Write-off	(510,708)	-	-	-	-	-	-	(510,708)
Recoveries	(50,000)	(117,577)	(69,073)	-	-	(56,075)	-	(292,725)
	\$ -	\$ -	\$ -	\$ 977,131	\$ 121,066	\$ 100,147	\$ 423,808	\$ 1,622,152

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

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## 4. Mineral Properties: (continued)

### (a) Scheelite Dome, Yukon, Canada

On January 14, 2009, the Company elected to cancel the option agreement with Copper Ridge Explorations Inc. for the Scheelite Dome Project. All associated expenditures were written off.

### (b) Chapalota, Sinaloa, Mexico

On September 12, 2008, the Company signed an option agreement to option the Chapalota Gold Project to Arcus Development Group Inc ("Arcus"). On February 11, 2009, the Company and Arcus signed an amendment to the agreement. The amended terms and conditions require Arcus to complete the following:

- i. Incur \$4,000,000 of cumulative exploration expenditures on the property over a four-year period as follows:
  - Minimum of \$500,000 by March 12, 2010 with a minimum of \$200,000 on or before June 1, 2009;
  - Minimum of \$1,500,000 (cumulative) by the second anniversary of the effective date of the option agreement;
  - Minimum of \$2,500,000 (cumulative) by the third anniversary of the effective date of the option agreement; and
  - Minimum of \$4,000,000 (cumulative) by the fourth anniversary of the effective date of the option agreement.
- ii. Payment of \$300,000 in cash and issuance of 350,000 Arcus shares to the Company over a four-year period as follows:
  - \$50,000 in cash and 50,000 common shares within 5 business days of the effective date of the option agreement (Paid and issued);
  - An additional \$50,000 in cash and 50,000 common shares on or before February 20, 2009 (Paid and issued);
  - An additional \$50,000 in cash and an additional 50,000 common shares by the second anniversary of the effective date of the option agreement;
  - An additional \$50,000 in cash and an additional 100,000 common shares by the third anniversary of the effective date of the option agreement; and
  - An additional \$100,000 in cash and an additional 100,000 common shares by the fourth anniversary of the effective date of the option agreement.

### (c) La Ventosa, Oaxaca, Mexico

On September 12, 2008, the Company signed an option agreement to option the La Ventosa Project to Arcus. On February 11, 2009, the Company and Arcus signed an amendment to the agreement. The amended terms and conditions require Arcus to complete the following:

- i. Incurring \$2,000,000 of cumulative exploration expenditures on the property over a three-year period as follows:
  - Minimum of \$1,000,000 on or before the second anniversary of the effective date of the option agreement; and
  - Minimum of \$2,000,000 (cumulative) by the third anniversary of the effective date of the option agreement.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

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## 4. Mineral Properties: (continued)

### (c) La Ventosa, Oaxaca, Mexico (continued)

- ii. Payment of \$150,000 in cash and issuance of 200,000 Arcus shares over a three-year period as follows:
  - \$25,000 in cash and 50,000 common shares within 5 business days of the effective date of the option agreement (Paid and issued);
  - An additional \$25,000 in cash and 50,000 common shares by February 20, 2009 (Paid and issued);
  - An additional \$50,000 in cash and an additional 50,000 common shares by the second anniversary of the effective date of the option agreement; and
  - An additional \$50,000 in cash and an additional 50,000 common shares by the third anniversary of the effective date of the option agreement.

### (d) Penoles, Durango, Mexico (Formerly El Capitan)

On January 31, 2008, the Company optioned the Penoles property. On October 13, 2008, the Company and its Mexican partner signed an amendment to the agreement. The amended terms and conditions require the Company to complete the following:

- i. Payment of US\$25,000 and issuance of 20,000 shares upon acceptance of the agreement by the TSX Venture Exchange (Paid and issued).
- ii. Incurring US\$1,650,000 of cumulative exploration expenditures on the property over a four-year period as follows:
  - Minimum of \$650,000 by the second anniversary of the effective date of the option agreement;
  - Minimum of \$1,050,000 (cumulative) by the third anniversary of the effective date of the option agreement; and
  - Minimum of \$1,650,000 (cumulative) by the fourth anniversary of the effective date of the option agreement.
- iii. Payment of US\$425,000 in cash and issuance of a maximum of 1,960,000 common shares of the Company over a four-year period as follows:
  - US\$12,500 in cash and a maximum of 30,000 common shares six months from the initial date of the agreement (Paid and issued);
  - An additional US\$12,500 and a maximum of an additional 30,000 common shares 12 months from the initial date of the agreement (Paid and issued);
  - An additional US\$12,500 and a maximum of an additional 50,000 common shares 18 months from the initial date of the agreement (Paid and issued subsequent to the quarter end);
  - An additional US\$12,500 and a maximum of an additional 50,000 common shares 24 months from the initial date of the agreement;
  - An additional US\$12,500 and a maximum of an additional 100,000 common shares 30 months from the initial date of the agreement;
  - An additional US\$12,500 and a maximum of an additional 100,000 common shares 36 months from the initial date of the agreement;
  - An additional US\$150,000 and a maximum of an additional 100,000 common shares 42 months from the initial date of the agreement; and
  - An additional US\$200,000 and a maximum of an additional 1,500,000 common shares 48 months from the initial date of the agreement.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

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## 4. Mineral Properties: (continued)

### (e) Libertad, Sonora, Mexico

On June 11, 2009, the Company signed a binding Letter of Intent (“LOI”) with Geologix Explorations Inc. (“Geologix”) whereby Geologix can earn up to 60% interest in the Libertad Property by completing the following:

- i. Incurring US\$3,000,000 of cumulative exploration expenditures on the property over a four-year period as follows:
  - Minimum of US\$250,000 by the first anniversary of the effective date of the LOI;
  - Minimum of US\$900,000 (cumulative) by the second anniversary of the effective date of the LOI;
  - Minimum of US\$1,800,000 (cumulative) by the third anniversary of the effective date of the LOI; and
  - Minimum of US\$3,000,000 (cumulative) by the fourth anniversary of the effective date of the LOI.
- ii. Payment of US\$400,000 in cash or in the form of Geologix common shares, where the number of shares issued will be equivalent to 110% of the cash value of the required payment at the time of the share issuance, over a four-year period as follows:
  - US\$50,000 upon the effective date of the LOI (Paid in cash);
  - An additional US\$50,000 by the first anniversary of the effective date of the LOI;
  - An additional US\$50,000 by the second anniversary of the effective date of the LOI;
  - An additional US\$100,000 by the third anniversary of the effective date of the LOI; and
  - An additional US\$150,000 by the fourth anniversary of the effective date of the LOI.

After completion of the initial option Geologix can exercise an additional option to acquire an additional 25% interest in the Libertad Property by incurring US\$2,000,000 in exploration expenditures and paying the Company US\$500,000 in cash or, at the Company’s election, Geologix common shares equivalent to 110% of the cash value of the required payment at the time of the share issuance, by June 11, 2015.

On August 7, 2009, subsequent to the quarter end, the Company signed a Definitive Agreement with Geologix with respect to the option on the Libertad Property.

## 5. Share Capital:

### (a) Authorized

Unlimited number of common voting shares without nominal or par value

Unlimited number of preferred voting shares without nominal or par value

### (b) Issued and outstanding

Preferred shares – Nil

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

## 5. Share Capital: (continued)

### (b) Issued and outstanding

Common shares:

	Number of Shares	Share Capital	Contributed Surplus
Balance, September 30, 2008	17,828,500	\$7,428,603	\$344,153
Stock based compensation - stock options	-	-	210,204
Shares issued for mineral properties	30,000	10,500	-
Private placements - issued for cash	3,771,500	1,508,600	-
Share issued for private placement finder's fee	175,080	70,032	-
Share issuance costs	-	(122,399)	-
Balance, June 30, 2009	21,805,080	\$8,895,336	\$554,357

- i. On January 30, 2009, the Company issued 30,000 common shares at a value of \$10,500 to its Mexican partner in accordance with the option agreement for the Penoles property (Note 4(d) (iii)).
- ii. On April 23, 2009, the Company completed a non-brokered private placement consisting of 3,771,500 units at a price of \$0.40 per unit for gross proceeds of \$1,508,600. As part of the financing the Company incurred cash costs of \$20,880 and issued 175,080 additional units as finder's fees. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of two years from the closing date, exercisable at a price of \$0.65 in the first year and \$0.85 thereafter.
- iii. On July 30, 2009, subsequent to the quarter end, the Company issued 50,000 common shares at a value of \$21,500 to its Mexican partner in accordance with the option agreement for the Penoles property (Note 4(d) (iii)).

### (c) Share Purchase and Agents Warrants:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, September 30, 2008	5,722,606	\$1.13
Issued	3,946,580	\$0.65
Expired	(46,946)	\$1.00
Outstanding warrants, June 30, 2009	9,622,240	\$0.93

As at June 30, 2009 the following share purchase warrants were outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Life in Years
08/22/2009	\$1.00	2,452,191	0.15
08/22/2009	\$0.50	304,969	0.15
02/14/2010	\$1.30	2,918,500	0.63
04/23/2011	\$0.65	3,946,580	1.81
	\$1.13	9,622,240	0.98

On August 22, 2009, subsequent to the quarter-end, 2,757,160 warrants were expired unexercised.

# RIVERSIDE RESOURCES INC.

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Notes to the Consolidated Financial Statements

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## 5. Share Capital: (continued)

### (d) Stock Options

The associated stock-based compensation expense for the options granted during the period was calculated based on the following weighted average assumptions:

	2009	2008
Estimated risk-free rate	2.80 %	3.61 %
Expected volatility	92.11 %	83.62 %
Estimated annual dividend yield	0.00 %	0.00 %
Expected life of options	4.68 years	3.91 years

The stock options granted on August 22, 2007 had no vesting period. All options issued after August 22, 2007 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 stock-based compensation for options not fully vested has been recorded on a straight line basis over the vesting term.

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2008	1,237,500	\$0.78
Granted	100,000	\$0.37
Cancelled	(50,000)	\$0.50
Outstanding options, June 30, 2009	1,287,500	\$0.76

On June 30, 2009, the following options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Granted Options	Weighted Average Remaining Life in Years	Number of Exercisable Options
08/22/2012	\$0.50	375,000	3.14	375,000
10/01/2012	\$0.80	50,000	3.25	50,000
12/10/2012	\$0.80	20,000	3.45	20,000
01/08/2013	\$0.90	30,000	3.52	30,000
02/01/2010	\$0.95	50,000	0.59	50,000
02/01/2010	\$0.95	25,000	0.59	25,000
02/01/2010	\$0.95	25,000	0.59	25,000
02/22/2013	\$1.05	30,000	3.65	30,000
08/05/2013	\$0.94	582,500	4.10	332,709
10/08/2013	\$0.37	100,000	4.27	25,000
	\$0.76	1,287,500	3.50	962,709

### (e) Escrow shares:

As of June 30, 2009, the Company has 1,950,300 common shares held in escrow with the Company's escrow agent. The escrow agreement provides for the original 4,334,000 common shares held in escrow and will be released as follows: 10% on the date the Company's securities are listed on the TSX Venture Exchange and 15% every six months thereafter.

# RIVERSIDE RESOURCES INC.

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For the nine months ended June 30, 2009

(Unaudited)

## 6. Related party transactions:

During the nine months ended June 30, 2009, the Company was charged the following amounts by officers, directors and companies controlled by directors of the Company:

	2009	2008
Consulting fees	\$ 92,400	\$ 137,000
Investor relations	18,000	56,000
Mineral property deferred exploration fees	88,050	125,690
Property investigation fees	25,800	3,600
Rent	56,250	59,000
Total	\$ 280,500	\$ 381,290

As of June 30, 2009, \$5,808 of the amount advanced to officers and directors for expense advances has been included in prepaid expenses; \$5,830 of the amount advanced to a company controlled by a director for office rent has been included in prepaid expenses.

The transactions with related parties were incurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

## 7. Segmented Information:

The Company operates in one business segment, the exploration of mining properties. The Company's mining operations 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.

The Company's capital assets are located in the following geographic locations:

	As of June 30 2009	As of September 30 2008
Canada	\$ 12,421	\$ 522,626
Mexico	1,198,344	898,396
USA	423,808	186,938
	\$ 1,634,573	\$ 1,607,960

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

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

Notes to the Consolidated Financial Statements

For the nine months ended June 30, 2009

(Unaudited)

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## 9. Financial Instruments:

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2009, the Company had a cash balance of \$188,932 and guaranteed investment certificates included in short-term investments of \$4,001,446 to settle current liabilities of \$253,958. As at September 30, 2008, the Company had a cash balance of \$174,127 and short-term investments of \$3,756,243 to settle current liabilities of \$177,885.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### a) Interest rate risk

The Company has cash balances and interest-bearing investments payable. The interest earned on the investments approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of June 30, 2009, the Company had investments in short-term deposit certificates of \$4,001,446 (September 30, 2008 - \$3,756,243).

#### b) Foreign currency risk

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

#### c) 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.

# RIVERSIDE RESOURCES INC.

(An Exploration Stage Enterprise)

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For the nine months ended June 30, 2009

(Unaudited)

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## 9. Financial Instruments: (continued)

### *Sensitivity Analysis*

The carrying amount of cash, short-term investments, taxes and other receivables, and accounts payable and accrued liabilities approximates their fair value due to their short term nature.

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 net loss for the period by approximately \$17,000.

## 10. Supplemental Disclosure with respect to Cash Flows:

The significant non-cash transactions for the nine-month period ended June 30, 2009 were as follows:

- a) The Company recorded a write-off of mineral properties in the amount of \$510,708.
- b) The Company issued 30,000 common shares valued at \$10,500 in consideration for mineral property payments.
- c) The Company received 100,000 Arcus shares valued at \$6,750 as mineral property recoveries.
- d) Included in accounts payable was \$10,329 in mineral property expenditures.

There were no significant non-cash transactions for the nine-month period ended June 30, 2008.

## 11. Commitment:

### Kinross Exploration Alliance, Mesa Central Region, Mexico

On January 19, 2009, the Company entered into a 2-year Precious Metals Exploration Alliance (the "Alliance") focusing on the Mesa Central Region of Mexico with Kinross Gold Corporation ("Kinross"). Under the terms of the Alliance, Kinross will invest US\$400,000 per year and the Company will invest US\$150,000 per year to fund exploration in the Mesa Central Region over the next two years.

## 12. Subsequent Events:

### Share Capital

On July 30, 2009, subsequent to the quarter end, the Company issued 50,000 common shares at a value of \$21,500 to its Mexican partner in accordance with the option agreement for the Penoles property (Note 4(d) (iii)).

On August 22, 2009, subsequent to the quarter end, 2,757,160 warrants were expired unexercised (Note 5(c)).

### Mineral Properties

On August 7, 2009, subsequent to the quarter end, the Company signed a Definitive Agreement with Geologix with respect to the option on the Libertad Property (Note 4(e)).