



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
For the three and nine months ended September 30, 2021 and 2020  
(Expressed in Canadian Dollars)

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**Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,803,704	\$ 2,310,754
Prepaid expenses	220,509	181,109
Receivables	29,468	10,667
<b>Total current assets</b>	<u>2,053,681</u>	<u>2,502,530</u>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 3)	3,064,325	464,543
Deposits and bonds (Note 5)	41,891	-
<b>Total non-current assets</b>	<u>3,106,216</u>	<u>464,543</u>
<b>Total assets</b>	<u>\$ 5,159,897</u>	<u>\$ 2,967,073</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 365,503	\$ 47,480
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 4)	5,997,039	3,496,048
Contributed surplus	349,578	217,862
Currency translation adjustment	26,132	(12,429)
Deficit	(1,578,355)	(781,888)
	<u>4,794,394</u>	<u>2,919,593</u>
	<u>\$ 5,159,897</u>	<u>\$ 2,967,073</u>

## NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

These condensed interim consolidated financial statements were approved for issue by the Audit Committee of the Board of Directors on November 17, 2021 and are signed on its behalf by:

Approved by "Todd Hilditch", Director "Cyndi Laval", Director

**RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020  
(Unaudited - Expressed in Canadian Dollars)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
<b>EXPENSES</b>				
Consulting fees (Note 8)	\$ 161,369	25,415	\$ 485,433	\$ 35,653
Insurance expense	5,887	3,338	13,845	9,841
Investor Relations	21,290	446	21,290	446
Interest and bank charges	1,342	230	2,876	330
Office supplies and rent (Note 8)	10,787	7,601	32,049	18,510
Professional fees	3,047	287	34,043	1,997
Shareholder reporting	9,823	(336)	17,438	336
Share based payments (Note 8)	36,070	542	131,716	3,243
Transfer agent and filing fees	12,405	2,511	56,684	14,114
Travel	2,396	548	2,396	548
<b>NET LOSS BEFORE OTHER ITEMS</b>	<u>(264,416)</u>	<u>(40,582)</u>	<u>(797,770)</u>	<u>(85,018)</u>
Interest income	247	-	1,539	-
Foreign exchange gain (loss)	1,181	-	(236)	-
<b>NET LOSS FOR THE PERIOD</b>	<u>(262,988)</u>	<u>(40,582)</u>	<u>(796,467)</u>	<u>(85,018)</u>
<b>OTHER COMPREHENSIVE LOSS</b>				
Currency translation adjustment	65,947	(117)	52,254	(117)
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>(197,041)</u>	<u>(40,699)</u>	<u>(744,213)</u>	<u>(85,135)</u>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	<u>\$ (0.01)</u>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<u>28,397,166</u>	<u>10,681,755</u>	<u>26,590,968</u>	<u>10,681,755</u>

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

## RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Currency Translation Adjustment	Deficit	Total Equity
Balance, December 31, 2019	10,681,755	\$ 615,298	\$ 107,081	\$ -	(394,225)	\$ 328,154
Share-based payments	-	-	3,243	-	-	3,243
Net loss for the period	-	-	-	-	(85,018)	(85,018)
Currency translation adjustment	-	-	-	(117)	-	(117)
<b>Balance, September 30, 2020</b>	<b>10,681,755</b>	<b>\$ 615,298</b>	<b>\$ 110,324</b>	<b>\$ (117)</b>	<b>(479,243)</b>	<b>\$ 246,262</b>
Balance, December 31, 2020	25,682,880	\$ 3,496,048	\$ 217,862	\$ (12,429)	\$ (781,888)	\$ 2,919,593
Share-based payments	-	-	131,716	-	-	131,716
Private placement	6,500,000	2,600,000	-	-	-	2,600,000
Share issuance cost	-	(99,009)	-	-	-	(99,009)
Net loss for the period	-	-	-	-	(796,467)	(796,467)
Currency translation adjustment	-	-	-	38,561	-	38,561
<b>Balance, September 30, 2021</b>	<b>32,182,880</b>	<b>\$ 5,997,039</b>	<b>\$ 349,578</b>	<b>\$ 26,132</b>	<b>\$ (1,578,355)</b>	<b>\$ 4,794,394</b>

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

# RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020  
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2021	September 30, 2020
<b>CASH (USED IN) PROVIDED BY</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (796,467)	\$ (85,018)
Items not affecting cash		
Share-based payments	<u>131,716</u>	<u>3,243</u>
	(664,751)	(81,775)
Changes in non-cash working capital accounts:		
Prepaid expenses	(39,400)	(4,260)
Receivables	(18,801)	1,622
Accounts payable and accrued liabilities	<u>27,849</u>	<u>10,718</u>
	<u>(695,103)</u>	<u>(73,695)</u>
<b>INVESTING ACTIVITIES</b>		
Deposits and bonds	(41,891)	-
Exploration and evaluation expenditures	<u>(2,309,608)</u>	<u>(52,345)</u>
	<u>(2,351,499)</u>	<u>(52,345)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from private placement	2,600,000	-
Share issuance costs	<u>(99,009)</u>	<u>-</u>
	<u>2,500,991</u>	<u>-</u>
<b>Effect of foreign exchange</b>	<u>38,561</u>	<u>(117)</u>
<b>NET CHANGE IN CASH</b>	(507,050)	(126,157)
<b>CASH, BEGINNING OF PERIOD</b>	<u>2,310,754</u>	<u>170,049</u>
<b>CASH, END OF PERIOD</b>	\$ <u>1,803,704</u>	\$ <u>43,892</u>

SUPPLEMENTAL CASH FLOW INFORMATION (Note 9)

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

# RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

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Riley Gold Corp. (the “Company” or “Riley”) was incorporated under the Business Corporations Act (British Columbia) on June 3, 2011. On September 29, 2020, the Company changed its name from Riley Resources Corp. to Riley Gold Corp. The Company’s office is located at Suite 2390 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Company’s common shares on the TSX Venture Exchange (“TSXV”, or the “Exchange”) under the trading symbol RLYG and on the OTCQB Venture Market under the symbol RLYGF.

The Company is a precious metals exploration company engaged in the acquisition and exploration of mineral properties located in the state of Nevada, USA. To date, no mineral development projects have been completed and no commercial development or production has commenced. Based on the information available to date, the Company has not yet determined whether its mineral property contains economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development programs and ultimately upon future profitable production.

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the condensed interim consolidated financial statements. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

On March 11, 2020, the World Health Organization characterized the outbreak of a disease caused by a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

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## 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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### (a) Statement of Compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2020 which have been prepared according to IFRS as issued by the IASB.

The Audit Committee of the Board of Directors authorized for publication the unaudited condensed interim consolidated financial statements on November 17, 2021.

### (b) Basis of Presentation

#### (i) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 6. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

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### 2. NATURE OF OPERATIONS AND GOING CONCERN (Cont'd)

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#### (b) Basis of Presentation (Cont'd)

##### ii) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary: RRC Exploration Inc. The financial statements of the Company's subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses have been eliminated upon consolidation.

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
RRC Exploration Inc.	USA	US dollar	100%	Exploration company

##### iii) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's wholly-owned subsidiary RRC Exploration Inc. is the US dollar.

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities, at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at different rates from those at which they are translated on initial recognition during the period or in previous consolidated financial statements are recognized in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of RRC Exploration Inc. are expressed in Canadian dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as a currency translation adjustment in equity.

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### 3. EXPLORATION AND EVALUATION ASSETS

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#### **Tokop Gold Property:**

The Company entered into a purchase agreement ("PA") on September 30, 2020 to acquire a 100% interest in certain leased patented mining claims, leased unpatented mining claims and owned unpatented mining claims located in Esmeralda County, Nevada. Under the PA, the Company must incur the following:

- Pay US\$13,000 on execution of the letter of intent (paid);
- Pay US\$15,000 on or before September 30, 2021 (paid);
- Grant a net smelter return ("NSR") royalty of 0.5% on the Tokop Gold Property which the Company has an option to purchase at any time prior to commercial production for US\$400,000;



# RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
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## 3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

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### Tokop Gold Property (cont'd)

- Pay minimum lease payments (over a ten-year term) as follows:
  - US\$10,000 on or before January 1, 2021 (paid);
  - US\$15,000 on or before January 1, 2022;
  - US\$20,000 on or before January 1, 2023;
  - US\$30,000 on or before January 1, 2024;
  - US\$330,000 thereafter.

The majority of the Company's mineral interests acquired under the PA are subject to a 3.0% NSR.

The Company entered into a mining lease and option to purchase agreement ("MLOP Agreement") on September 30, 2020, whereby the landowner will lease and grant the option to purchase its 100% interest in certain patented and unpatented mining claims ("Nevada Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a fifteen-year term) as follows:

- US\$25,000 any time after January 1, 2021 but prior to January 7, 2021 (paid);
- US\$35,000 on or before the first anniversary of the execution date of the MLOP Agreement (paid);
- US\$45,000 on or before the second anniversary of the execution date of the MLOP Agreement;
- US\$55,000 on or before the third anniversary of the execution date of the MLOP Agreement;
- US\$3,565,000 thereafter.

Work commitment expenditures:

- US\$50,000 on or before the second anniversary of the execution date of the MLOP Agreement (completed);
- US\$100,000 on or before the third anniversary of the execution date of the MLOP Agreement (completed);
- US\$200,000 on or before the fourth anniversary of the execution date of the MLOP Agreement (completed);
- US\$300,000 on or before the fifth anniversary of the execution date of the MLOP Agreement (completed).

The Company shall grant an NSR royalty of 4.0% on the Nevada Property which the Company has an option to purchase 2.0% of the 4.0% royalty at any time for US\$4,000,000. The Company has the option to purchase the Nevada Property outright for US\$4,000,000 prior to or on the tenth anniversary of the execution of the MLOP Agreement and for US\$6,500,000 prior to or on the fifteenth anniversary of the execution of the MLOP Agreement.

The Company entered into an exploration and option agreement ("MGC Agreement") on November 25, 2020, whereby the landowner has granted Riley the option to purchase a 100% interest in certain unpatented mining claims ("MGC Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a twenty-year term) as follows:

- US\$12,788 within two (2) weeks of the execution of the MGC Agreement (paid);
- US\$10,000 on or before the first anniversary of the execution date of the MGC Agreement (paid);
- US\$20,000 on or before the second anniversary of the execution date of the MGC Agreement;
- US\$30,000 on or before the third anniversary of the execution date of the MGC Agreement;
- US\$1,465,000 thereafter.

Work commitment expenditures:

- US\$5,000 on or before the first anniversary of the execution date of the MGC Agreement (completed);

During the first 10 years of the 20-year term, the Company may exercise its option by making a lump sum payment of US\$500,000. On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on the MGC Property.

In addition to the agreements above, the Company staked 160 unpatented mining claims.

## RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
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### 3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

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#### **Pipeline West/Clipper Gold Property**

The Company entered into an option agreement ("Option Agreement") on September 30, 2020, whereby the landowners have granted Riley the option to purchase a 100% interest in certain patented and unpatented mining claims located in Lander County, Nevada, under the following conditions:

Minimum lease payments:

- US\$57,146 within two (2) weeks of the execution of the Option Agreement (paid);
- US\$20,000 on or before the first anniversary of the execution date of the Option Agreement (paid);
- US\$20,000 on or before the second anniversary of the execution date of the Option Agreement;
- US\$25,000 on or before the third anniversary of the execution date of the Option Agreement;
- US\$930,000 thereafter.

Work commitment expenditures:

- US\$200,000 on or before the third anniversary of the execution date of the Option Agreement;
- US\$200,000 on or before the fourth anniversary of the execution date of the Option Agreement;
- US\$250,000 on or before the fifth anniversary of the execution date of the Option Agreement;
- US\$2,000,000 thereafter.

On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on certain unpatented mining claims and an NSR royalty of 1.5% on certain patented mining claims.

The Company entered into two separate mining lease agreements ("Lease Agreements") on May 12, 2021, whereby the landowners have granted Riley the right to their 100% interest in certain unpatented mining claims located in Lander County, Nevada, under the following conditions:

Minimum lease payments:

- US\$10,000 within five (5) days of the execution of the Lease Agreements (paid);
- US\$25,000 on or before the first anniversary of the execution dates of the Lease Agreements;
- US\$26,000 on or before the second anniversary of the execution dates of the Lease Agreements;
- US\$27,000 on or before the third anniversary of the execution dates of the Lease Agreements;
- US\$217,000 thereafter.

Work commitment expenditures:

- US\$25,000 on or before the third anniversary of the execution dates of the Lease Agreements;
- US\$50,000 on or before the fourth anniversary of the execution dates of the Lease Agreements;
- US\$100,000 on or before the fifth anniversary of the execution dates of the Lease Agreements;
- US\$1,000,000 thereafter.

On the commencement of commercial production, the minimum lease payments shall terminate and be replaced with a 4.0% gross smelter return royalty ("GSR") which Riley has the right to buydown to a 2% GSR at varying amounts adjusted for inflation.

#### **East Manhattan Wash Property:**

On October 13, 2016, the Company entered into an exploration and option agreement (the "Agreement") with MSM Resource L.L.C. ("MSM"), pursuant to which the Company has been granted an option to acquire MSM's undivided interest in the East Manhattan Wash Property, located in Nye County, Nevada and is comprised of certain unpatented lode mining claims controlled by MSM.

## RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

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### 3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

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#### **East Manhattan Wash Property (cont'd)**

Pursuant to the terms of the Agreement, in order to earn MSM's interest in the East Manhattan Wash Property, the Company must pay to MSM option payments in the aggregate of C\$57,500 as follows:

- C\$5,000 cash upon execution of the agreement (paid).
- C\$7,500 before the first anniversary date of TSXV final approval of filing QT, March 29, 2018 (the "Anniversary") (paid).
- C\$10,000 before the second Anniversary (paid).
- C\$15,000 before the third Anniversary (complete – the Company paid MSM a one-time payment of C\$5,000 in lieu of the third Anniversary payment); and
- C\$20,000 before the fourth Anniversary (complete – the Company paid MSM a one-time payment of C\$6,000 to extend, for one year, the option payment obligation due before the fourth Anniversary)

Work commitments in the aggregate of C\$550,000 must be met as follows:

- C\$50,000 before the first Anniversary (complete).
- C\$50,000 before the second Anniversary (complete – the Company paid MSM a one-time payment of C\$15,000 in lieu of the second Anniversary work commitment).
- C\$100,000 before the third Anniversary (complete – the Company paid MSM a one-time payment of C\$20,000 in lieu of the third Anniversary work commitment).
- C\$150,000 before the fourth Anniversary; (complete – the Company paid MSM a one-time payment of C\$6,000 to extend, for one year, the work commitment obligation due before the fourth Anniversary); and
- C\$200,000 before the fifth Anniversary.

In addition, the Company must grant MSM a 3% NSR royalty on the East Manhattan Wash Property, and finally must pay MSM an additional lump sum payment of C\$200,000 within five years from signing the Agreement.

# RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
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## 3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Exploration and evaluation asset activity during the period:

	Period Ended September 30, 2021	Activity	Year Ended December 31, 2020	Activity	Year Ended December 31, 2019
<b>TOKOP GOLD PROPERTY</b>					
Property acquisition costs	\$ 243,120	\$ 118,043	\$ 125,077	\$ 125,077	\$ -
Property maintenance costs	62,563	62,563	-	-	-
Environmental and permitting	56,906	56,906	-	-	-
Geophysical surveys	24,624	18,690	5,934	5,934	-
Geological Consulting	332,934	280,161	52,773	52,773	-
Assays and analysis	133,374	133,374	-	-	-
Drilling	1,551,052	1,551,052	-	-	-
Communications, field supplies and other expenses	225,286	201,092	24,194	24,194	-
Currency translation adjustment	46,844	51,091	(4,247)	(4,247)	-
	<u>2,676,703</u>	<u>2,472,972</u>	<u>203,731</u>	<u>203,731</u>	<u>-</u>
<b>PIPELINE WEST/CLIPPER GOLD PROPERTY</b>					
Property acquisition costs	\$ 126,854	\$ 50,776	\$ 76,078	\$ 76,078	\$ -
Property maintenance costs	62,515	62,515	-	-	-
Geological consulting	1,031	1,031	-	-	-
Communications, field supplies and other expenses	1,089	489	600	600	-
Currency translation adjustment	(132)	3,208	(3,340)	(3,340)	-
	<u>191,357</u>	<u>118,019</u>	<u>73,338</u>	<u>73,338</u>	<u>-</u>
<b>EAST MANHATTAN WASH PROPERTY</b>					
Property acquisition costs	\$ 128,334	\$ 7,518	\$ 120,816	\$ 25,000	\$ 95,816
Property maintenance costs	6,421	1,273	5,148	1,345	3,803
Geological consulting	39,995	-	39,995	-	39,995
Assays and analysis	6,764	-	6,764	-	6,764
Geophysical surveys	9,892	-	9,892	-	9,892
Communications, field supplies and other expenses	4,859	-	4,859	-	4,859
	<u>196,265</u>	<u>8,791</u>	<u>187,474</u>	<u>26,345</u>	<u>161,129</u>
<b>TOTAL EXPLORATION AND EVALUATION ASSETS</b>	<u>\$ 3,064,325</u>	<u>\$ 2,599,782</u>	<u>\$ 464,543</u>	<u>\$ 303,414</u>	<u>\$ 161,129</u>

## 4. SHARE CAPITAL

### (a) Authorized

At September 30, 2021, the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

# RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

## 4. SHARE CAPITAL (Cont'd)

### (b) Issued Share Capital

- On August 23, 2021, the Company completed a private placement of 6,500,000 units at a price of \$0.40 per unit, for total gross proceeds of \$2,600,000. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of 24 months at a price of \$0.60 per share. In connection, the Company paid cash finders fees of \$81,960 and legal and filing fees of \$ 17,049.
- On October 15, 2020, the Company completed a private placement of 15,001,125 units at a price of \$0.20 per unit, for total gross proceeds of \$3,000,225. Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of 24 months at a price of \$0.40 per share. If the closing price of the common shares of the Company quoted on the Exchange is greater than \$0.60 for 10 consecutive trading days, the Company may accelerate the expiry date of the warrants to the 30<sup>th</sup> day after the date on which the Company gives notice to the warrant holder of such acceleration. In connection, the Company paid cash finders fees of \$93,660 and legal and filing fees of \$ 25,815.

### (c) Stock Options

The Company has a share purchase option plan under which directors, officers, employees and consultants of the Company are eligible to receive share purchase options. The aggregate number of shares available to be issued upon the exercise of all share purchase options granted under the plan shall not exceed 10% of the issued and outstanding shares of the Company. The plan limits the maximum number of share purchase options issuable in any one 12-month period to any one optionee to 5% of the total common shares outstanding. The Board of Directors shall determine the terms and provisions of the options at the time of grant. The exercise price of each share purchase option shall not be less than the market price of the common shares on the date of the grant less the discount permitted by the Exchange. The maximum term of share purchase options shall not exceed 10 years, or such other term as permitted by the Exchange.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measures of the fair value of the Company's share purchase options.

As at September 30, 2021, the Company had outstanding share purchase options enabling holders to acquire common shares of the Company as follows:

Number	Vested	Price per share	Expiry date
705,000	705,000	\$ 0.10	January 8, 2025
240,000	240,000	\$0.145	September 20, 2028
1,150,000	537,500	\$0.30	October 15, 2025
100,000	50,000	\$0.28	March 5, 2026
50,000	25,000	\$0.23	March 30, 2026
250,000	-	\$0.40	September 1, 2023
2,495,000	1,557,500		

# RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

## 4. SHARE CAPITAL (Cont'd)

### (c) Stock Options (cont'd)

A summary of the Company's options and the changes for the period/year are as follows:

	September 30, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of the period/year	2,270,000	\$ 0.21	1,045,000	\$ 0.12
Granted	400,000	\$ 0.35	1,225,000	0.30
Expired	(175,000)	0.21	-	-
Outstanding, end of the period/year	2,495,000	\$0.24	2,270,000	\$0.21

During the period ended September 30, 2021, the Company granted 100,000 stock options to a director of the Company and 300,000 stock options to consultants of the Company. The weighted average grant-date fair value of the stock options granted during the period is \$0.17. Additionally, 175,000 stock options expired without exercise.

During the year ended December 31, 2020, the Company granted 1,225,000 stock options to certain directors, officers and consultants of the Company. The weighted average grant-date fair value of the stock options granted during the year ending December 31, 2020 is \$0.19.

The weighted average remaining contractual life of the outstanding stock options at September 30, 2021 was 3.92 (December 31, 2020 – 5.01) years.

The weighted average fair value of the stock options granted was determined by using the Black-Scholes option pricing model with the following assumptions:

	Period ended September 30, 2021	Year ended December 31, 2020
Risk-free interest rate	0.61%	0.34%
Estimated volatility	84.31%	88.65%
Expected life	3.13 years	4.25 years
Expected dividend yield	Nil	Nil

### (d) Warrants

As at September 30, 2021, the Company had outstanding share purchase warrants enabling holders to acquire common shares of the Company as follows:

Number	Vested	Price per share	Expiry date
7,500,562	7,500,562	\$ 0.40	October 15, 2022
3,250,000	3,250,000	\$ 0.60	August 20, 2023
10,750,562	10,750,562		

## RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

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### 4. SHARE CAPITAL (Cont'd)

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#### (d) Warrants (cont'd)

A summary of the Company's options and the changes for the period/year are as follows:

	September 30, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period/year	7,500,562	\$ 0.40	-	\$ -
Granted	3,250,000	0.60	7,500,562	0.40
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period/year	10,750,562	\$ 0.46	7,500,562	\$ 0.40

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### 5. DEPOSITS AND BONDS

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Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") to ensure that any reclamation and clean-up work required on the Company's exploration and evaluation properties will be completed to the satisfaction of the BLM. During the period ended September 30, 2021, the Company paid \$41,891 (US\$ 32,879) to the BLM as a deposit.

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### 6. FINANCIAL INSTRUMENTS

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Financial instruments consist of cash, receivables and accounts payable and accrued liabilities:

a) **Fair value**

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

b) **Credit risk**

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in cash and receivables is limited.

## RILEY GOLD CORP. (FORMERLY RILEY RESOURCES CORP.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)

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### 7. CAPITAL RISK MANAGEMENT

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The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the continued development of its mineral properties. Therefore, the Company monitors the level of risk associated with its mineral property expenditures relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets which are regularly monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity, if available, on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

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### 8. RELATED PARTY DISCLOSURES

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Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions are listed below:

As at September 30, 2021, \$25,118 (December 31, 2020 - \$780) of accounts payable and accrued liabilities was payable to companies with officers in common.

As at September 30, 2021, \$Nil (December 31, 2020 - \$105) of accounts receivable was receivable from a company with a director and/or officer in common.

During the period ended September 30, 2021, \$7,461 (September 30, 2020 - \$287) was paid to a law firm in which a director is a partner. During the period ended September 30, 2021, the Company incurred rental fees and shared office expenses of \$13,564 to companies with a director and/or officer in common (September 30, 2020 - \$13,564). During the period ended September 30, 2021, the Company incurred consulting fees of \$292,500 to companies with directors and officers in common (September 30, 2020 - \$22,500).

During the period ended September 30, 2021, the Company incurred share-based payments of \$85,171 (September 30, 2020 - \$3,182) to officers and directors of the Company.

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### 9. SUPPLEMENTAL CASH FLOW

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The following significant non-cash transactions have been excluded from the condensed interim consolidated statements of cash flows:

As at September 30, 2021, exploration and evaluation expenditures incurred of \$290,174 (September 30, 2020 - \$Nil) are included under accounts payable and accrued liabilities.

During the period ended September 30, 2021 and 2020, the Company did not pay any interest or income taxes in cash.