



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

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

ROUGH RIDER EXPLORATION LIMITED
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2020	December 31, 2019
ASSETS		\$	\$
Current			
Cash		1,743,718	159,010
Receivables		31,604	5,021
Prepaid expenses		6,375	-
		<u>1,781,697</u>	<u>164,031</u>
Non-Current			
Exploration and evaluation assets	5	<u>684,876</u>	-
		<u>2,466,573</u>	<u>164,031</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11(b)	<u>199,804</u>	<u>411,360</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	8,182,247	5,209,518
Other equity reserves	6(f)	298,682	518,306
Deficit		<u>(6,214,160)</u>	<u>(5,975,153)</u>
		<u>2,266,769</u>	<u>(247,329)</u>
		<u>2,466,573</u>	<u>164,031</u>

Approved on behalf of the Board:

"Dale Wallster" , Director

"Adam Travis" , Director

ROUGH RIDER EXPLORATION LIMITED
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE NINE MONTHS ENDED SEPTEMBER 30
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Expenses					
Consulting	11(a)	79,498	-	166,998	-
Exploration expenditures (recovery)	7, 11(a)	172,530	(2,163)	189,651	(2,163)
Investor relations		3,910	240	7,703	566
Office and administration	11(a)	3,242	3,055	7,526	10,165
Professional fees	11(a)	45,872	17,112	101,114	30,004
Property evaluation		874	-	874	-
Salaries and personnel costs	11(a)	142	49,427	12,386	148,603
Share-based payments expense	11(a)	-	-	249,718	-
Transfer agent, regulatory and filing fees		5,007	2,141	20,541	6,328
Travel and accommodation		802	-	802	-
		<u>311,877</u>	<u>69,812</u>	<u>757,313</u>	<u>193,503</u>
Other items					
Recovery on write-off of accounts payable		-	(24,000)	-	(24,000)
		<u>-</u>	<u>(24,000)</u>	<u>-</u>	<u>(24,000)</u>
Loss and comprehensive loss for the period					
		<u>(311,877)</u>	<u>(45,812)</u>	<u>(757,313)</u>	<u>(169,503)</u>
Basic and diluted loss per share					
		\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.01)
Basic and diluted weighted average number of shares outstanding					
		37,797,590	13,806,551	27,371,608	13,806,551

ROUGH RIDER EXPLORATION LIMITED
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited - Expressed in Canadian dollars)

	Note	Number of shares	Share capital \$	Other equity reserves \$	Deficit \$	Total \$
Balance, December 31, 2018		13,806,551	5,209,518	81,233	(5,242,936)	47,815
Loss for the period		-	-	-	(169,503)	(169,503)
Balance, September 30, 2019		13,806,551	5,209,518	81,233	(5,412,439)	(121,688)
Loss for the period		-	-	(77,033)	(48,608)	(125,641)
Balance, December 31, 2019		13,806,551	5,209,518	4,200	(5,461,047)	(247,329)
Loss for the period		-	-	-	(757,313)	(757,313)
Private placements, net of share issue costs	6(b)	15,925,000	2,312,296	49,037	-	2,361,333
Reclass of forfeited stock options	6(e)	-	-	(4,200)	4,200	-
Exercise of warrants	6(b), 6(d)	3,600	433	(73)	-	360
Shares issued pursuant to acquisition of mineral properties	5(a)(i), 6(b)	11,000,000	660,000	-	-	660,000
Share-based payments expense		-	-	249,718	-	249,718
Balance, September 30, 2020		40,735,151	8,182,247	298,682	(6,214,160)	2,266,769

ROUGH RIDER EXPLORATION LIMITED
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
Operating Activities					
Net loss for the period		(311,877)	(45,812)	(757,313)	(169,503)
Items not involving cash:					
Share-based payments expense	6(e)	-	-	249,718	-
		(311,877)	(45,812)	(507,595)	(169,503)
Net change in non-cash working capital	8	(4,686)	46,426	(244,514)	142,504
Cash used in (provided by) operating activities		(316,563)	614	(752,109)	(26,999)
Investing Activity					
Acquisition of exploration and evaluation assets	5	-	-	(24,876)	-
Cash used in investing activity		-	-	(24,876)	-
Financing Activities					
Proceeds received pursuant to private placement	6(b)	1,800,000	-	2,492,500	-
Share issue costs	6(b)	(102,532)	-	(131,167)	-
Exercise of warrants	6(d)	360	-	360	-
Cash provided by financing activities		1,697,828	-	2,361,693	-
Net increase (decrease) in cash		1,381,265	614	1,584,708	(26,999)
Cash, beginning of period		362,453	159,724	159,010	187,337
Cash, end of period		1,743,718	160,338	1,743,718	160,338
Supplemental cash flow information	8				

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Roughrider Exploration Limited ("**Roughrider**" or the "**Company**") was incorporated on December 7, 2011 under the British Columbia Business Corporations Act. The Company is listed on the TSX Venture Exchange ("**TSX-V**") as a Tier 2 Mining Issuer. The principal business of the Company is the exploration and evaluation of mineral properties. The principal focus of the Company is exploring its portfolio of mineral properties, including the Golden Triangle properties in central British Columbia ("**BC**").

The address of the Company's head office is Suite 420 - 625 Howe Street, Vancouver, BC, Canada, V6C 2T6. The address of the Company's registered office is 2500 - 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3.

These condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$681,020 for the nine months ended September 30, 2020 (2019: \$169,503). As at September 30, 2020, the Company had an accumulated deficit of \$6,137,867, (December 31, 2019: \$5,975,153). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

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

The Company has incurred operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future, therefore, a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the condensed interim statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 which include the accounting policies used in the preparation of these condensed interim financial statements.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

These condensed interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the “**Board**”) approved these condensed interim financial statements on November 24, 2020.

3. ADOPTION OF ACCOUNTING POLICY

During the nine months ended September 30, 2020, the Company adopted the following accounting policy:

Equity Units

The proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated first to share capital up to the fair value of the common share, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the reserve for warrants.

4. CHANGE IN ACCOUNTING POLICY

Other Equity Reserves

Other equity reserves consist of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of other equity reserves is recognized.

During the nine months ended September 30, 2020, the Company amended its accounting policy with respect to other equity reserves. The Company amended its accounting policy to reclassify amounts from share-based payments reserve with respect to cancelled or expired options and warrants, to deficit. Previously, if granted options or warrants vested and then subsequently expired or were forfeited, no reversal of other equity reserves was recognized.

The amounts have been retrospectively recasted with \$514,106 reallocated for options and warrants that expired prior to December 31, 2019, and \$4,200 for options and warrants that expired during the nine months ended September 30, 2020. As the amounts are an adjustment within shareholders' equity (deficiency), the recasting had no effect on the condensed interim financial position, operating results or cash flows previously reported.

5. EXPLORATION AND EVALUATION ASSETS

a) BRITISH COLUMBIA

i) GIN, EL Dorado AND BONANZA PROPERTIES

On April 13, 2020, the Company purchased a 100% interest in the Gin, Eldorado and Bonanza properties from Cazador (see Note 11), Rene Bernard, an individual and Elemental (see Note 11), in consideration for 11,000,000 common shares of the Company (the “**Golden Triangle Acquisition**”), which were valued at \$660,000. The properties are located in the Golden Triangle area of northern B.C.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

a) BRITISH COLUMBIA (continued)

i) GIN, ELDORADO AND BONANZA PROPERTIES (continued)

In connection with the Golden Triangle Acquisition, Mr. Adam Travis, controlling shareholder of Cazador, was appointed CEO of the Company, replacing Scott Gibson, who has remained a member of the Company's Board. In addition, Dr. Fletcher Morgan, controlling shareholder of Elemental, was appointed a member of the Board.

ii) SCOTTIE WEST PROPERTY

On May 19, 2020, the Company announced that it staked approximately 6,359 hectares ("ha") of prospective ground on the Scottie West Property located in the Golden Triangle area of northern B.C., approximately 30 kilometres ("km") northwest of Stewart, B.C. and immediately west of the Scottie Gold Mine Property. The staking costs totaled \$11,128. See Note 12(b) for a subsequent event related to the Scottie West property.

iii) STERLING PROPERTY

The Company owns a 100% interest in certain claims in the Sterling property, located near Houston, BC. At present, the Company has no plans in place to advance the Sterling property. Accordingly, the Company wrote off acquisition costs of \$6,189 during the year ended December 31, 2019.

b) SASKATCHEWAN

i) GENESIS PROPERTY

The Company owns a 50% interest in the Genesis property, located in the Athabasca Basin region of Canada. The Company may acquire a further 35% interest from ValOre Metals Corp. ("ValOre") (for an aggregate 85% interest) by making additional payments totaling \$700,000 in either cash or shares to ValOre, at the Company's election and incurring additional exploration expenditures of \$2,500,000.

At present, the Company has no plans in place to advance the Genesis property, which has a carrying value of \$Nil at September 30, 2020.

A summary of the changes in exploration and evaluation assets is presented below:

	Gin	Eldorado	Bonanza	Scottie West	Empire Mine	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019	-	-	-	-	-	-
Issuance of shares	198,000	396,000	66,000	-	-	660,000
Staking	-	-	-	11,128	13,748	24,876
Balance, September 30, 2020	198,000	396,000	66,000	11,128	13,748	684,876

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

6. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value
An unlimited number of preference shares without par value

b) Share issuance details

Nine months ended September 30, 2020

- On March 25, 2020, the Company completed the first tranche of a non-brokered private placement, issuing 4,925,000 common shares at a price of \$0.10 per share for gross proceeds of \$492,500. Share issue costs totaled \$30,826 including \$10,860 paid as finders' fees and 108,600 share purchase warrants issued as finders' fees with a fair value of \$2,192. Each warrant was exercisable into one common share of the Company at a price of \$0.10 per share with an expiry of March 25, 2022.
- On April 13, 2020, the Company completed the second and final tranche of the non-brokered private placement, issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000.
- On April 13, 2020, the Company issued 11,000,000 common shares of the Company pursuant to the Golden Triangle Acquisition.
- On July 31, 2020 the Company completed a non-brokered private placement by issuing 9,000,000 units (the "Units") at a price of \$0.20 per Unit for gross proceeds of \$1,800,000. Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire an additional common share of the Company at an exercise price of \$0.30 per share with an expiry date of July 31, 2022.

Share issue costs totaled \$149,378 including \$90,300 paid as finders' fees and 397,250 share purchase warrants issued as finders' fees with a fair value of \$46,845. Each warrant has the same terms as those in the private placement.

If, at any time after completion, the volume weighted average trading price of the Company's common shares on the TSX-V, or other principal exchange on which the common shares are listed, is greater than \$0.40 for 10 consecutive days, the Company may, at its option, deliver a notice to the holders of the warrants accelerating the expiry date to the date that is 30 days following the date of such notice.

- During the nine months ended September 30, 2020, 3,600 warrants with an exercise price of \$0.10 were exercised for proceeds of \$360.

Nine months ended September 30, 2019

There were no share issuances during the nine months ended September 30, 2019.

c) Stock options

The Company has a Rolling Stock Option Plan whereby the Company may grant options to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding at the time of the grant. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

c) Stock options (continued)

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		\$
Balance, December 31, 2019	90,000	0.50
Granted	2,000,000	0.18
Forfeited	(90,000)	0.50
Balance, September 30, 2020	2,000,000	0.18

The following stock options were outstanding as at September 30, 2020:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
		\$		
<u>2,000,000</u>	<u>2,000,000</u>	<u>0.18</u>	June 1, 2025	<u>4.67</u>

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2019	-	-
Issued pursuant to private placements	4,500,000	0.30
Finders' warrants issued pursuant to private placements	505,850	0.26
Exercised	(3,600)	0.10
Balance, September 30, 2020	5,002,250	0.30

The fair value of the 108,600 warrants issued as finders' fees pursuant to the private placement completed on March 25, 2020 was \$2,192 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.66%
Expected stock price volatility	88%
Expected dividend yield	0.0%
Expected option life in years	2.0

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Share purchase warrants (continued)

The fair value of the 397,250 warrants issued as finders' fees pursuant to the private placement completed on July 31, 2020 was \$46,845 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.23%
Expected stock price volatility	82%
Expected dividend yield	0.0%
Expected option life in years	2.0

The following warrants were outstanding as at September 30, 2020:

Outstanding	Exercisable	Exercise Price	Expiry Date
		\$	
105,000	105,000	0.10	March 25, 2022
4,897,250	4,897,250	0.30	July 31, 2022
5,002,250	5,002,250		

e) Share-based payments expense

The share-based payments expense for the stock options that vested during the nine months ended September 30, 2020 was \$249,718 (2019: \$Nil).

The weighted average fair value at grant date of options granted during the nine months ended September 30, 2020 was \$0.12 (2019: \$Nil).

The fair value of the stock options that were granted during the nine months ended September 30, 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.33%
Expected stock price volatility	91%
Expected dividend yield	0.0%
Expected option life in years	5.0

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the nine months ended September 30, 2020, the Company reclassified \$4,200 (2019: \$Nil) from other equity reserves to deficit with respect to options that were forfeited.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

f) Other equity reserves

A summary of the changes in other equity reserves is presented below:

	\$
Balance, December 31, 2019	4,200
Share-based payments expense	249,718
Fair value of warrants issued pursuant to private placement	49,037
Reclass of forfeited stock options	(4,200)
Reclass of exercised warrants	(73)
Balance, September 30, 2020	<u>298,682</u>

7. EXPLORATION EXPENDITURES

The Company's exploration expenditures for the nine months ended September 30, 2020 were as follows:

	Empire	Eldorado	Scottie West	Sterling	Genesis	Total
	\$	\$	\$		\$	\$
Exploration expenditures						
Analysis	14,918	-	-	-	-	14,918
Camp	6,240	-	-	-	-	6,240
Field equipment	4,908	-	-	-	-	4,908
Fuel	631	-	-	-	-	631
Geological consulting	62,932	-	-	-	1,800	64,732
Geophysics	-	-	76,293	-	-	76,293
Other consulting	1,969	11,121	-	3,000	3,000	19,090
Travel and transport	2,839	-	-	-	-	2,839
Total exploration expenditures	<u>94,437</u>	<u>11,121</u>	<u>76,293</u>	<u>3,000</u>	<u>4,800</u>	<u>189,651</u>

8. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the nine months ended September 30 consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Receivables	(20,514)	(2,117)	(26,583)	7,436
Prepaid expenses	(6,375)	1,320	(6,375)	(925)
Accounts payable and accrued liabilities	22,203	47,223	(211,556)	135,993
	<u>(4,686)</u>	<u>46,426</u>	<u>(244,514)</u>	<u>142,504</u>

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

8. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

The non-cash investing and financing transactions for the nine months ended September 30, 2020 consisted of the Company:

- issuing 11,000,000 shares valued at \$660,000 pursuant to the Golden Triangle Acquisition;
- issuing 108,600 warrants as finders' fees valued at \$2,192 pursuant to the private placement completed on March 25, 2020; and
- issuing 397,250 warrants as finders' fees valued at \$46,845 pursuant to the private placement completed on July 31, 2020.

There were no non-cash investing or financing transactions for the nine months ended September 30, 2019.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Company under directions approved by the Board. The Company's Board has not approved the use of derivative financial products.

Financial instruments

Cash, receivables and accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's condensed interim financial statements is summarized below:

a) Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company limits its exposure to credit loss by placing its cash with a major Canadian bank. The Company's only significant receivable at September 30, 2020 relates to a goods and services tax refund from the Government of Canada, who is not considered a default risk.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk factors (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company is exposed to liquidity risk and manages it through the management of its capital structure, as outlined below. All of the Company's current financial liabilities are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position. The Company remains exposed to liquidity risk.

c) Market risk

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

(i) Interest rate risk

Interest rate risk on cash is minimal because these investments generally have a fixed yield rate. As at September 30, 2020, the Company did not have any interest-bearing debt.

(ii) Foreign currency risk

The Company could be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2020, the Company did not have any significant exposure to foreign currencies and so considers foreign currency risk insignificant to the Company at present.

(iii) Price risk

The Company may at times have limited indirect exposure 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.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended December 31, 2019.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT (continued)

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

A related party transaction is a transaction between the Company and a related party of the Company at the time the transaction is agreed to as a consequence of which the issuer directly or indirectly enters into specified transactions, including, but not limited to, a purchase or sale of assets, issuing securities or subscribing for securities, borrowing or lending money, and forgiving debts or liabilities.

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the nine months ended September 30, 2020 and/or 2019:

- Cazador Resources Ltd. ("**Cazador**"), a private company controlled by the Company's CEO, Adam Travis;
- Elemental Partners LLP ("**Elemental**"), a partnership controlled by the Company's Chair of the Board, Fletcher Morgan;
- Farris LLP, a law firm for which Jay Sujir, one of the Company's directors is a partner;
- Beneath the Surface Capital, a private company controlled by Scott Gibson, a director and former CEO of the Company; and
- TSquared Accounting Inc. ("**TSquared**"), a private company controlled by the Company's CFO, Tim Thiessen.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Company's related party transactions for the nine months ended September 30 were as follows:

		2020	2019
		\$	\$
Consulting fees	1	142,925	-
Geological fees	2	13,000	-
Legal fees	3	71,987	3,327
Office and administration	4	3,000	4,320
Salaries	4	12,100	-
Share-based payments expense	5	209,139	-
Share issue costs	3	11,468	-
		463,619	7,647

- 1 Consulting fees consisted of fees of \$58,500 earned by the CEO, Mr. Travis through Cazador, fees of \$29,500 earned by the CFO, Mr. Thiessen through TSquared, fees of \$16,100 earned by Beneath the Surface Capital, \$23,825 earned by the Company's Office Manager through Cazador and \$15,000 earned by Elemental.
- 2 Geological fees consisted of fees earned by the CEO through Cazador which were included in exploration expenditures.
- 3 Legal fees and share issue costs consisted of amounts charged by Farris LLP. The legal fees were included in professional fees on the condensed interim statement of loss and comprehensive loss and the share issue costs were netted against share capital (see Note 6(b)).
- 4 Office and administration costs and salaries consisted of amounts charged by Beneath the Surface Capital.
- 5 Share-based payments expense is a non-cash item that consisted of the fair value of stock options that have been granted to key management personnel.

b) Related Party Balances

The related party balances, which are included in accounts payable and accrued liabilities on the condensed interim statements of financial position, consisted of the following:

	September 30, 2020	December 31, 2019
	\$	\$
Current liabilities		
Due to Cazador	17,225	-
Due to Beneath the Surface	-	65,231
Due to Dave Tupper, VP of Exploration	-	5,250
Due to Farris LLP	30,695	44,980
Due to TSquared	6,500	-
Due to Scott Gibson, former CEO	-	126,396
	54,420	241,857

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited - Expressed in Canadian dollars)

12. SUBSEQUENT EVENTS

- a) On October 8, 2020, the Company entered into an option agreement to acquire a 100% interest in the Empire Mine property (the “**Empire Option Agreement**”) from Mirva Properties Ltd. (“**Mirva**”). The Empire Mine property consists of 23 mineral claims (the “**Greater Empire Claims**”) and 57 fee simple crown grants (the “**Quatsino Crown Grants**”) covering approximately 15,000 ha, all located in the Rupert District on northern Vancouver Island, BC, approximately 28 km southwest of Port McNeill, BC.

In order to earn a 100% interest in the Greater Empire Claims, the Company must make aggregate cash payments of \$750,000, issue 3,000,000 common shares of the Company to Mirva and complete work commitments totaling \$2,000,000 over a four year period, as follows:

	Cash payment	Share issuance	Work commitment
	\$		\$
Upon regulatory approval	50,000 (paid)	200,000 (issued)	N/A
By first anniversary	100,000	400,000	200,000
By second anniversary	150,000	600,000	400,000
By third anniversary	200,000	800,000	600,000
By fourth anniversary	250,000	1,000,000	800,000

In order to earn a 100% interest in the Quatsino Crown Grants, the Company must pay Mirva the equivalent of \$500,000 with either a cash payment or the issuance of common shares of the Company, at the Company’s election, on or before the fifth anniversary date of the Empire Option Agreement.

The Empire Mine property covers 22 mineral occurrences, including three past-producing open pit and two past-producing underground mines for magnetite, copper, gold and silver.

Mirva will retain a 2% net smelter return (“**NSR**”) royalty on the Empire Mine property, of which 1% may be purchased for \$1,000,000 at any time up to 120 days after commencement of commercial production. The Empire Option Agreement has been structured such that this NSR royalty plus all other NSR royalties which may currently exist and be payable on the Empire Mine property will not exceed in aggregate 2.5% before buydowns.

- b) On November 23, 2020, the Company entered into an option agreement with Industria Metals Inc. (“**Industria**”), whereby Industria can earn a 70% interest in the Company’s Scottie West property by making aggregate cash payments of \$500,000, issuing common shares of Industria to the Company with a total value of \$500,000 and incurring a minimum of \$1,000,000 of exploration expenditures on the property over a four year period. Upon Industria’s successful completion of the earn-in, the Company and Industria will form a joint venture on the property. The Company will retain a 2% NSR royalty of which Industria can repurchase 1% of the NSR royalty for \$2,000,000 at any time after a production decision has been made.