

GREEN RIVER GOLD CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED September 30, 2019 & 2018

**MANAGEMENT'S RESPONSIBILITY FOR AUDITED
FINANCIAL REPORTING**

The accompanying audited financial statements of Green River Gold Corp. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The audited financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the audited financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Perry Little" (signed)

President

"Shawn Stockdale" (signed)

Chief Financial Officer



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Independent Auditor's Report

To the Shareholders of Green River Gold Corp.

Opinion

We have audited the financial statements of Green River Gold Corp. (the Entity), which comprise the statements of financial position as at September 30, 2019 and 2018, and the statements of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity has accumulated losses of \$1,350,149 as at September 30, 2019 and, as of that date, the Entity's working capital is \$130,790. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of the information included in the Management Discussion and Analysis.

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
January 28, 2020

Green River Gold Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

As at, September 30	2019	2018
	\$	\$
ASSETS		
Current		
Cash	1,381	174,571
Trade and other receivables (Note 4)	3,242	620
Equipment inventory (Note 5)	304,255	-
Retail store inventory (Note 6)	9,817	-
Prepaid expenses	550	-
	319,245	175,191
Automotive equipment (Note 7)	32,580	-
Exploration and evaluation assets (Note 8)	270,388	-
	622,213	175,191
LIABILITIES		
Current		
Trade and other payables (Note 9)	86,089	40,391
Loans payable (Note 10)	50,913	-
Loans payable to related parties (Note 11)	47,757	-
Current portion of long term debt (Note 12)	3,696	-
	188,455	40,391
Long term debt (Note 12)	16,815	-
Convertible debentures (Note 13)	82,033	-
	287,303	40,391
EQUITY		
Capital stock (Note 14b)	1,401,132	1,178,466
Reserve for warrants (Note 15)	255,553	193,947
Equity portion of convertible debentures (Note 13)	28,374	-
Accumulated deficit	(1,350,149)	(1,237,613)
	334,910	134,800
	622,213	175,191

Approved on behalf of the Board of Directors on January 28, 2020

“Perry Little” (signed)

Director

“Shawn Stockdale” (signed)

Director

The accompanying notes are an integral part of these audited financial statements

Green River Gold Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended September 30,	2019	2018
	\$	\$
Revenues		
Interest from gold loan (Note 20)	-	16,900
Derivative fair value adjustment (Note 20)	-	867
Gold sales (Note 20)	-	14,250
Retail sales (Note 6)	3,585	-
	<u>3,585</u>	<u>32,017</u>
Cost of goods sold	1,712	13,679
Gross profit	<u>1,873</u>	<u>18,338</u>
Expenses		
Accounting fees	2,022	2,315
Advertising and promotion	1,669	-
Audit fees	48,500	23,500
Contract labour	12,499	-
Equipment rental and fuel	4,365	-
Exploration and development costs (Note 8)	-	8,845
Insurance	395	-
Interest and bank charges	5,590	893
Legal fees	10,649	39,331
Office, general and administration	4,756	396
Public relations, filing, transfer and regulatory fees	15,964	15,023
Rent	867	-
Repairs and maintenance	657	-
Telecommunications	640	-
Travel	5,836	-
	<u>114,409</u>	<u>90,303</u>
Net loss and comprehensive loss	<u>112,536</u>	<u>71,965</u>
Net loss and comprehensive loss per share - basic and diluted	<u>0.00</u>	<u>0.00</u>
Weighted average number of common shares - basic and diluted (000's)	<u>21,318</u>	<u>15,780</u>

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

Green River Gold Corp.
Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Equity Portion of Convertible Debentures	Accumulated deficit	Total
	Number of shares	Amount	Warrants			
Balance at October 1, 2017	15,745,749	\$ 1,054,259	\$ 139,859	-	\$ (1,165,648)	\$ 28,470
Shares issued (Note 14)	3,152,000	\$ 135,032	\$ 54,088	-	-	\$ 189,120
Share issuance costs	-	\$ (10,825)	-	-	-	\$ (10,825)
Net loss for the year	-	-	-	-	\$ (71,965)	\$ (71,965)
Balance at September 30, 2018	18,897,749	\$ 1,178,466	\$ 193,947	-	\$ (1,237,613)	\$ 134,800

	Share Capital		Reserves	Equity Portion of Convertible Debentures	Accumulated deficit	Total
	Number of shares	Amount	Warrants			
Balance at October 1, 2018	18,897,749	\$ 1,178,466	\$ 193,947	-	\$ (1,237,613)	\$ 134,800
Shares issued (Note 14)	4,557,000	\$ 233,653	\$ 61,606	-	\$ -	\$ 295,259
Share issuance costs	-	\$ (10,987)	-	-	-	\$ (10,987)
Convertible Debentures Issued (Note 13)	-	-	-	\$ 28,374	-	\$ 28,374
Net loss for the year	-	-	-	-	\$ (112,536)	\$ (112,536)
Balance at September 30, 2019	23,454,749	\$ 1,401,132	\$ 255,553	\$ 28,374	\$ (1,350,149)	\$ 334,910

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

Green River Gold Corp.
Statement of Cash Flows
(Expressed in Canadian Dollars)

For the years ended September 30,	2019	2018
	\$	\$
Operating activities		
Net loss and comprehensive loss for the year	(112,536)	(71,965)
Items not affecting cash		
Interest expense	5,590	-
Accretion of gold loan receivable	-	(16,900)
Derivative fair value adjustment	-	(867)
Expenses paid by related parties	30,000	-
Change in non-cash working capital		
Trade and other receivables	(2,622)	2,925
Gold inventory	-	12,124
Equipment inventory	(304,255)	-
Retail store inventory	(9,817)	-
Prepaid expenses	(550)	-
Trade and other payables	45,698	8,499
Cash generated (used) in operating activities	(348,492)	(66,184)
Financing activities		
Interest paid	(4,177)	-
Proceeds from loans payable	49,500	-
Proceeds from loans from related parties	5,757	-
Proceeds on issuance of common shares (Note 14)	153,420	189,120
Share issuance costs	(10,987)	(10,825)
Proceeds on issuance of convertible debentures	127,000	-
Convertible debenture issuance costs	(16,593)	-
Repayment of long term debt	(69)	-
Cash generated in financing activities	303,851	178,295
Investing activities		
Acquisition of exploration and evaluation assets for cash	(128,549)	-
Repayments on gold loan receivable	-	61,649
Cash generated (used in) investing activities	(128,549)	61,649
Increase (decrease) in cash	(173,190)	173,760
Cash, beginning of year	174,571	811
Cash, end of year	1,381	174,571
Non cash transactions		
Long term debt used to purchase automotive equipment	20,580	-
Related party loan used to purchase automotive equipment	12,000	-
Issuance of shares to acquire exploration and evaluation assets	110,000	-
Issuance of warrants to acquire exploration and evaluation assets	31,839	-
Supplementary Information		
Interest paid	5,590	893
Income tax paid	-	-

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

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Green River Gold Corp. ("the Company") was incorporated on June 5, 2006 under the Canada Business Corporations Act as Minerva Minerals Limited. On June 25, 2013 the Company received approval to change its name from Minerva Minerals Limited to Greywacke Exploration Ltd. On August 25, 2017, the Company's shareholders approved a name change to Green River Gold Corp. The Company began trading under the new name and ticker symbol CCR on September 8, 2017. The Company's head office is now located at Suite 115, 6220 Fulton Road, Edmonton, Alberta T6A 3T4. The shares of the Company are listed on the Canadian Stock Exchange ("the CSE"), and commenced trading on August 13, 2007. The Company is in the business of location, acquisition, exploration and development of mineral properties including alluvial gold properties. The Company is also looking for opportunities to provide services to the placer mining industry.

On August 15, 2019, the Company completed the acquisition of over 8,200 hectares of mineral rights and 640 hectares of placer rights situated 12 kilometres southwest of Barkerville in the Cariboo Mining District of British Columbia.

On August 12, 2019, the Company announced that it had rented office and retail space in Quesnel B.C. The location gives the Company office space in the middle of the Cariboo Mining District as well as retail space. The Company opened the retail store in September, 2019. The store sells smaller mining equipment and supplies to the local mining community and also serves as a point of contact for selling the Company's larger equipment.

Going Concern

The Company's ability to continue to operate and to meet its obligations as they come due is dependent upon its ability to obtain additional financing as necessary and to successfully locate and develop alluvial gold properties or related opportunities with economic potential. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

As at September 30, 2019, the Company had working capital of \$130,790 (2018 – working capital of \$134,800), had not yet achieved profitable operations, had accumulated losses of \$1,350,149 (2018 - \$1,237,613) and may incur further short-term losses in the development of its business, all of which create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

There can be no assurance that the Company will be successful in acquiring properties that will result in profitable mining operations or that the Company's other business ventures will be profitable. The Company's continued existence is dependent upon its ability to locate suitable properties containing economically recoverable reserves, the achievement of profitable operations from other business ventures and the ability of the Company to raise alternative financing, if necessary.

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These audited financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the periods ended September 30, 2019 and 2018, using the significant accounting policies outlined in Note 3.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future years affected.

These audited financial statements were authorized by the Board of Directors of the Company on January 28, 2020.

2.2 Basis of presentation

These audited financial statements have been prepared on the historical cost basis and are prepared in Canadian dollars, which is the Company’s functional currency.

2.3 New standards adopted

IFRS 9 – Financial Instruments

For the year ended September 30, 2019, the Company adopted IFRS 9 - Financial Instruments which replaced IAS 39 – Financial Instruments Recognition and Management. There were no retrospective adjustments necessary. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The following table summarizes the changes in the classification of the Company’s financial instruments upon adoption of IFRS 9. The adoption of the new classification did not result in any changes in the measurement or carrying amount of the financial instruments.

Financial Instrument	Classification under IAS 39	Classification under IFRS 9
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other liabilities	Amortized cost
Loans payable	Other liabilities	Amortized cost
Loans payable to related parties	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost
Convertible debentures	Other liabilities	Amortized cost

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

IFRS 15 - Contracts from Customers

For the year ended September 30, 2019, the Company adopted IFRS 15. The new standard had no effect on the financial statements. IFRS 15 provides a comprehensive five-step recognition model for all contracts with customers.

2.3.1 New standards not yet adopted

IFRS 16 – Leases

In January 2016, the IASB issued a new standard on leases, IFRS 16 – Leases will require lessees to recognize assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. For lessors, IFRS 16 is expected to have little change from existing accounting standards (IAS 17- Leases). IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided the new revenue standard, IFRS 15, has been applied at the same date as IFRS 16. The Company is in the process of evaluating the impact of the new standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash in the statement of financial position comprise cash at banks.

3.2 Exploration and evaluation assets

All exploration and evaluation expenditures including the costs of acquiring mining claims are initially capitalized until exploration has been completed and the results have been evaluated. The costs are accumulated in cost centres by mining property pending determination of technical feasibility and commercial viability. The technical feasibility and commercial viability of a property is considered to be determined when proved or probable reserves are determined to exist. If proved and/or probable reserves are found, the exploration costs and the acquisition costs of the associated claims are transferred to property and equipment.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Any impairment recognized during a period is charged as additional depreciation expense.

Exploration and evaluation assets are assessed for impairment at each reporting period as well as when they are transferred to property and equipment, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount is calculated using the greater of its value in use and its fair value less costs to sell. These are defined below.

Value in use is determined as the net present value of the estimated present value of the future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only take into account approved future development costs.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecast of commodity prices and expected production volumes. The latter takes into account mineral recovery results and includes expectations about proved and probable reserves.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. Factors considered in this determination include but are not limited to Company specific Board authorizing financial transactions, recent transactions regarding industry peers, and other publicly available information.

Impairment losses recognized in prior years are assessed at each reporting date if facts and circumstances indicate that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3.3 Taxes

Tax expense recognized in net loss comprises the sum of deferred tax and current tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognized deferred income tax assets are reassessed each reporting period and are recognized to the extent it has become probable that the future taxable profits will be available to allow the asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred income tax assets and liabilities are presented as non-current.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Share capital and warrants

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and warrants are classified as equity instruments. For compound financial instruments, the residual value method is used with the value of the warrants being calculated first using the Black-Scholes option-pricing model and the residual being allocated to share capital.

3.5 Share based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted or fair value recorded in warrants is transferred to share capital.

The Company uses the Black-Scholes option-pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. If applicable, in situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

3.6 Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated by dividing the net loss attributable to ordinary shares by the weighted average number of ordinary shares assuming that any proceeds received on exercise of options or warrants would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. Fully diluted loss per share is not reported when the effect would be anti-dilutive.

3.7 Financial instruments

(a) Recognition and initial measurement

Financial instruments are initially measured at fair value, net of transaction costs, other than financial instruments not classified as FVTPL. On initial recognition, financial assets are classified in the following measurement categories: amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI"). The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified in the following measurement categories: fair value through profit or loss, or amortized cost.

(b) Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification	Subsequent Measurement
Financial Assets:	
Amortized cost	Amortized cost, using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
FVTPL	Net gains and losses, including interest or dividend income are recognized in profit or loss.
FVOCI	Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.

Classification	Subsequent Measurement
Financial Liabilities:	
Amortized cost	Amortized cost, using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
FVTPL	Net gains and losses, including interest expense are recognized in profit or loss. These financial liabilities are held for trading, derivatives or designated as derivative on initial measurement.

Modifications to financial liabilities measured at amortized cost occur when the cash flows are modified without resulting in derecognition. The carrying value of the liability is adjusted to the present value of the modified cash flows, discounted at the financial liability's original effective interest rate, with a resulting gain or loss recognized in other comprehensive income.

3.8 Impairment

Financial assets impairment

The Company recognizes an allowance for expected credit losses (ECL's) on financial assets based on a 12-month ECL or lifetime ECL. ECL's are probability-weighted estimates of credit losses, which are measured at the present value of the difference between the cash flow due to the Company and the cash flow that the Company expects to receive. ECL's are discounted at the effective interest rate of the financial assets.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets considered to have low credit risk have an impairment provision recognized during the period limited to 12-month ECL's. When credit risk has increased significantly subsequent to initial measurement, the allowance is based on the lifetime ECL.

Non-financial assets impairment

For non-financial assets such as property and equipment, intangible assets and goodwill, the recoverable amount is the higher of an asset's or cash-generating units (CGUs) value in use or its fair value less costs of disposal. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. To assess value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

To determine fair value less costs of disposal, an appropriate valuation model is used. The results of these valuation techniques are corroborated with arm's length transactions of comparable companies. When impairment has occurred, the cumulative loss is recognized in the consolidated statement of comprehensive loss.

Impairment losses, other than goodwill impairment losses, may be reversed in subsequent periods, if the tests yield results greater than the carrying amount at the end of the period. Impairment losses may only be reversed to the extent they bring the carrying value up to the original cost, net of any amortization that would have been reported had no impairment been recognized in prior periods.

3.9 Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and use judgement regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgements made by management in the preparation of these financial statements are as follows:

Exploration or Development

The Company is required to apply judgement when designating a project as exploration or evaluation or development, including assessments of geological and technical characteristics and other factors related to each project.

Exploration and Evaluation Projects

The accounting for exploration and evaluation projects requires management to make judgements as to whether exploratory projects have discovered economically recoverable quantities of gold or other minerals, which requires the quantity and realizable value of such minerals to be estimated. Previous estimates are sometimes revised as new information becomes available. Where it is determined that an exploratory project did not discover economically recoverable gold or other minerals, the impairment is charged as additional depreciation.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If gold or other minerals are encountered, but further appraisal activity is required, the exploratory costs remain capitalized as long as sufficient progress is being made in assessing whether the recovery of gold or other minerals is economically viable.

The concept of “sufficient progress” is a judgemental area, and it is possible to have exploratory costs remain capitalized for several years while additional exploratory activities are carried out or the Company seeks government, regulatory or partner approval for development plans. E&E assets are subject to ongoing technical, commercial and management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. When management is making this assessment, changes to project economics, expected quantities of gold and other minerals, expected production techniques, drilling results, estimated capital expenditures and production costs, results of other operations in the region and access to infrastructure and potential infrastructure expansions are important factors. Where it is determined that an exploratory project is not economically viable, the costs are written off as E&E expense.

Decommissioning Obligations

Estimates of asset retirement costs are based on assumptions regarding the methods, timing, economic environment and regulatory standards that are expected to exist at the time assets are retired. Management adjusts estimated amounts periodically as assumptions are updated to incorporate new information. Actual payments to settle the obligations may differ materially from amounts estimated.

Share-Based Payments

The Company estimates the grant date value of stock options and warrants awarded using the Black-Scholes model. The inputs used to determine the estimated value of the options and warrants are based on assumptions regarding share price volatility, the expected life of the options, expected forfeiture rates and future interest rates. By their nature, these inputs are subject to measurement uncertainty and require management to exercise judgement in determining which assumptions are the most appropriate.

Income Taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgements and estimates related to the application of tax law, the timing of temporary difference reversals and the likelihood of realizing deferred tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations and judgements, and changes related to them, impact current and deferred tax provisions, the carrying value of deferred income tax assets and liabilities and could have a material impact on earnings.

3.10 Revenue Recognition

Revenue is recognized from contracts with customers, when and as performance obligations are satisfied by the transfer of control of the goods and services to the customer, which may be at a point in time or over time. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for providing goods and services, excluding discounts, duty and taxes collected from customers that are reimbursed to government authorities. Non-cash consideration is included in the amount of revenue recognized and measured at fair value. Costs incurred directly to obtain or fulfill a contract are capitalized and included in gross revenue over the life of the contract. Contract modifications are accounted for prospectively or as a cumulative catch-up adjustment, depending on the nature of the change.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retail sales of mining equipment and supplies are recorded at the time that the product is picked up at the store and payment is received.

3.11 Inventory

Inventory consists of finished goods and is measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and any related selling costs. When circumstances that previously caused inventory to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed. Provisions are made for obsolete, unusable and/or unsaleable inventory.

3.12 Segmented information

The Company operates two lines of business, the retail division and mining division.

The Retail division is the business associated with the rented retail space in Quesnel B.C., which was acquired in August 2019. The store caters to the needs of the hundreds of smaller placer mining operations and hobby miners in the area. The Company opened the retail store in September 2019.

The Mining division is the business associated with exploration of over 8,200 hectares of mineral rights and 640 hectares of placer rights situated 12 kilometres southwest of Barkerville in the Cariboo Mining District of British Columbia, which were acquired in August 2019.

Segment loss is measured as net loss before consideration of income taxes. The Company does not identify or allocate working capital by reportable segment. In addition, there are no inter-segment revenues.

	September 30, 2019		
	Retail	Mining	Total
Revenue	\$ 3,585	\$ -	\$ 3,585
Interest expense	-	5,590	5,590
Net loss	836	111,700	112,536
Automotive equipment	-	32,580	32,580
Exploration and evaluation	-	270,388	270,388

4. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from goods and services tax ("GST") due from the Canadian government:

	As at,	
	September 30, 2019	September 30, 2018
GST receivable	\$3,242	\$620

At September 30, 2019, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivable.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

5. EQUIPMENT INVENTORY

Equipment inventory consists of gold mining and related equipment that is held for resale. During the year, the Company acquired \$290,255 of equipment inventory from a related company, 1960146 Alberta Ltd. The assets were acquired at the same prices paid by 1960146 Alberta. Perry Little and Shawn Stockdale are mutual directors of 1960146 Alberta Ltd. and Green River Gold Corp. The equipment had been purchased by 1960146 Alberta Ltd. in 2017 and 2018. The Company also acquired \$14,000 of equipment inventory from an unrelated third party which is also held for resale

6. RETAIL STORE INVENTORY

The retail store inventory consists of gold mining supplies and smaller gold mining equipment. The retail operation began in the middle of September 2019. Sales during the fiscal year totaled \$3,585 with the related cost of sales being \$1,712.

7. AUTOMOTIVE EQUIPMENT

Automotive equipment consists of one vehicle purchased late in the 2019 fiscal year for \$32,580. The vehicle was purchased by means of a downpayment provided by the trade-in of a vehicle that had been owned by 1960146 Alberta Ltd., which is a related company. 1960146 Alberta Ltd traded in the vehicle for a trade-in value of \$22,000 and took back \$10,000 of this amount in cash. The remaining \$12,000 was used by Green River Gold Corp. as a downpayment on the vehicle purchase. The amount is included in the loan payable to related parties described in Note 11 below. The remainder of the purchase was financed by the Company taking a vehicle loan for \$20,580 as described below in Note 1.

8. EXPLORATION AND EVALUATION ASSETS

On August 23, 2019, the Company announced that it had completed the acquisition of over 8,200 hectares of mineral rights and 640 hectares of placer rights situated 12 kilometres southwest of Barkerville in the Cariboo Mining District of British Columbia. The claims, known as the Fontaine claims were acquired from an unrelated third party.

The total purchase price, including staking costs, was \$260,888. The Company paid for the properties with a combination of \$119,049 in cash and 2,000,000 units of the Company. Each unit consists of one Common Share of the Company and one-half of one Common Share purchase warrant. Each full warrant will be exercisable to acquire one Common Share of the Company for a period of 24 months following the issue date at an exercise price of \$0.15 per Common Share. The value of the warrants issued was calculated at \$31,839 using the Black-Scholes option-pricing model. The Common Shares were trading at \$0.055 at the time that the 2,000,000 units were issued, resulting in an addition to share capital of \$110,000. The total of cash and non-cash consideration for the property was \$260,888. Subsequent to the acquisition, the Company spent \$9,500 on planning and early stage exploration on the properties.

The Company incurred exploration expenditures of \$8,845 during the year ended September 30, 2018. The expenses were incurred digging test pits on two alluvial gold properties that were of interest to the Company. The decision was made to not pursue the acquisition of either of the two properties.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

As a result, the exploration expenses were charged to operations when incurred.

9. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	September 30, 2019	September 30, 2018
	\$	\$
Less than 3 months	79,316	40,391
Greater than 3 months	<u>6,773</u>	<u>-</u>
Total Trade and Other Payables	<u>86,089</u>	<u>40,391</u>

10. LOANS PAYABLE

During the year ended September 30, 2019, the Company arranged four short term loans from private individuals who are shareholders of the Company. All of the loans are due to be repaid on February 29, 2020.

	As at September 30, 2019	As at September 30, 2018
Short term loan at 8% annualized interest rate -secured by specific equipment inventory	\$15,000	\$ -
Short term loans at 6% annualized interest rate -unsecured	\$24,500	\$ -
Short term loan at 6% annualized interest rate -secured by specific equipment inventory	\$ 10,000	\$ -
Accrued interest to September 30,	<u>\$ 1,413</u>	<u>\$ -</u>
	<u>\$50,913</u>	<u>\$ -</u>

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

11. LOANS PAYABLE TO RELATED PARTIES

	As at September 30, 2019	As at September 30, 2018
Loan payable to a Director and Officer	\$30,100	\$ -
Loans payable to 1070923 B.C. Ltd.	<u>\$17,657</u>	<u>\$ -</u>
	<u>\$47,757</u>	<u>\$ -</u>
	=====	

During the year, a Director and Officer of the Company paid expenses on behalf of the Company. These short term advances are non-interest bearing and are unsecured. They have no specific terms of repayment.

Short term advances from 1070923 B.C. Ltd. are non-interest bearing and are unsecured. They have no specific terms of repayment. Perry Little and Shawn Stockdale are mutual directors of 1070923 B.C. Ltd. and Green River Gold Corp. The \$12,000 downpayment that was made on the Company's vehicle is included in this amount.

12. LONG TERM DEBT

In the fourth quarter of 2019, the Company purchased a vehicle for \$32,580. The purchase was financed partially through a five year loan of \$20,580 at an interest rate of 6.99% per year. The loan is repayable with sixty blended monthly payments of \$418 beginning August 15, 2019.

	As at September 30, 2019	As at September 30, 2018
Current portion of long term debt	\$ 3,696	\$ -
Non-current portion of long term debt	\$ 16,815	\$ -
Total long term debt	<u>\$ 20,511</u>	<u>\$ -</u>
	=====	

The required payments over the next five fiscal years are as follows:

2020	\$ 3,696
2021	3,963
2022	4,249
2023	4,556
<u>2024</u>	<u>4,047</u>
	<u>\$20,511</u>

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

13. CONVERTIBLE DEBENTURES

In the fourth quarter of 2019, the Company issued unsecured convertible debentures with a face value of \$127,000 to unrelated third parties by means of a non-brokered private placement. The debentures have a three year term, carry an 8% interest rate, and are convertible into shares of Green River Gold Corp. at a price of \$0.10 per share any time prior to maturity. Interest is paid quarterly with 2% paid at the end of each calendar quarter. The debentures were issued in two tranches with \$86,000 issued on July 4, 2019 and \$41,000 issued on August 12, 2019 and each tranche is repayable in full three years from its issuance date.

Total issuance costs for the two tranches were \$16,593 for net proceeds of \$110,407. Based on a discount rate of 20%, \$28,374 of the net proceeds were allocated to Equity Portion of Convertible Debentures and the remaining \$82,033 was allocated to the debt portion of the Convertible Debentures.

No accretion expense was charged during the year because of the short period from issuance of the debentures to September 30, 2019. Accretion will be recorded beginning October 1, 2019 and will continue until maturity unless the debentures are converted to shares prior to that date.

14. SHARE CAPITAL

(a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

(b) Changes in issued capital stock to September 30, 2019 were as follows:

	Number of Shares	Amount \$
Balance, September 30, 2017	15,745,749	1,054,259
Shares issued, net of issuance costs	3,152,000	124,207
Balance, September 30, 2018	18,897,749	1,178,466
Shares issued, net of issuance costs	4,557,000	222,666
Balance, September 30, 2019	23,454,749	1,401,132

On September 26, 2018 the Company closed the first tranche of a unit offering, issuing 3,152,000 units at a price of \$0.06 per unit for gross proceeds of \$189,120. After the related share issuance costs of \$10,825, the net proceeds were \$178,295. Each unit consists of one Common Share of the Company and one half of one Common Share purchase warrant. Each full warrant will be exercisable to acquire one Common Share at a price of \$0.10 for a period of 12 months following the closing of the offering. The value of the warrants issued was calculated as \$54,088 using the Black-Scholes option-pricing model as described more fully in Note 15 below.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

14. SHARE CAPITAL (Continued)

On November 22, 2018, the Company closed the second and final tranche of the unit offering, issuing 2,557,000 units at a price of \$0.06 per unit for gross proceeds of \$153,420. After the related share issuance costs of \$10,987, the net proceeds were \$142,433. Each unit consists of one Common Share of the Company and one half of one Common Share purchase warrant. Each full warrant will be exercisable to acquire one Common Share at a price of \$0.10 for a period of 12 months following the closing of the offering. These warrants expired on September 26, 2019. The value of the warrants issued was calculated as \$29,767 using the Black-Scholes option- pricing model as described more fully in Note 15 below.

On August 16, 2019, the Company issued 2,000,000 units at a deemed price of \$0.06 per unit in partial payment for the Fontaine claims described in Note 8. to these financial statements. The closing price of the shares on August 16, 2019 was \$0.055. Each unit consists of one Common Share of the Company and one half of one Common Share purchase warrant. Each full warrant will be exercisable to acquire one Common Share at a price of \$0.15 for a period of 24 months following the closing of the offering. The value of the warrants was calculated as \$31,839 using the Black-Scholes pricing model as described more fully in Note 15 below. Based on the closing price of \$0.055 when the 2,000,000 units were issued, \$110,000 was added to share capital. The total non-cash consideration paid toward the purchase price was \$141,839.

(c) Stock options

During the 2007 year, a stock option plan was approved by the directors and shareholders of the Company. The plan provides that the aggregate number of shares reserved for issuance is to be 10% of the total number of issued and outstanding common shares of the Company from time to time. These options vest immediately when issued, unless otherwise stated.

As at September 30, 2019, the Company had 2,345,474 (2018 – 1,889,775) options available for issuance under the plan. As mentioned below, no options have actually been issued.

Despite the availability of options for issuance, no stock options have been issued since current management took over in May 2017. As a result, there were no stock options issued and outstanding as of September 30, 2019 or September 30, 2018.

A summary of the options issued and outstanding is as follows:

	September 30, 2019		September 30, 2018	
	Options	Exercise Price	Options	Exercise Price
Issued and outstanding, beginning of year	-	-	-	-
Options granted	-	-	-	-
Options expired	-	-	-	-
Issued and outstanding, end of year	-	-	-	-

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

15. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

	September 30, 2019		September 30, 2018	
	Warrants	Exercise Price	Warrants	Exercise Price
Outstanding, beginning of period	1,576,000	\$0.10	-	\$ -
Warrants granted-expiry date Nov.22,2019	1,278,500	\$0.10	1,576,000	\$0.10
Warrants granted-expiry date Aug.16,2021	1,000,000	\$0.15	-	\$ -
<u>Warrants expired</u>	<u>(1,576,000)</u>	<u>\$0.10</u>	<u>-</u>	<u>\$ -</u>
Outstanding, end of period	2,278,500	\$0.12	1,576,000	\$0.10

On September 26, 2018 the Company issued 1,576,000 common share purchase warrants as part of a financing. Each warrant entitled the holder to purchase one common share of the Company at a price of \$0.10 for a period of 12 months and vested immediately. In accordance with the Company's accounting policy regarding unit bifurcation, the Company calculated the unit fair value of these warrants at \$54,088. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 190.50%, and a risk-free interest rate of 2.19%. These warrants expired on September 26, 2019.

On November 22, 2018 the Company issued 1,278,500 common share purchase warrants as part of a financing. Each warrant entitled the holder to purchase one common share of the Company at a price of \$0.10 for a period of 12 months and vested immediately. In accordance with the Company's accounting policy regarding unit bifurcation, the Corporation calculated the unit fair value of these warrants at \$29,767. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 170.00%, and a risk-free interest rate of 1.58%. These warrants expired subsequent to the end of the fiscal year on November 22, 2019.

On August 16, 2019, the Company issued 2,000,000 units at a deemed price of \$0.06 per unit in partial payment for the Fontaine claims described in Note 8. to these financial statements. Each warrant will be exercisable to acquire one common share at a price of \$0.15 for a period of 24 months following the closing of the offering. In accordance with the Company's accounting policy regarding unit bifurcation, the Corporation calculated the unit fair value of these warrants at \$31,839. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 141.58%, and a risk-free interest rate of 1.34%.

16. RELATED PARTY TRANSACTIONS

During 2019, the Company acquired inventory from 1960146 Alberta Ltd. in the amount of \$270,255. Perry Little and Shawn Stockdale are mutual Directors and Officers of 1960146 Alberta Ltd. and Green River Gold Corp.

As at September 30, 2019, the Company owes \$30,100 (Note 11) to a Director and Officer of the Company. The short term advances are non-interest bearing and are unsecured. They have no specific terms of repayment.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTIONS (Continued)

As at September 30, 2019, the Company owes \$17,657 to 1070923 B.C. Ltd. as disclosed in Note 11 to these financial statements. These short term advances from 1070923 B.C. Ltd. are non-interest bearing and are unsecured. Perry Little and Shawn Stockdale are mutual Directors and Officers of 1070923 B.C. Ltd. and Green River Gold Corp.

The Company paid \$12,499 to 1070923 B.C. Ltd. for contract labour provided by 1070923 B.C. Ltd. employees during the year ended September 30, 2019. The services provided consisted of administration and retail store set up and management.

There was no compensation paid to any of the Company's Directors or Officers during the year ended September 30, 2019 or 2018. There is currently no management contract in effect.

17. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development of mineral properties or other investments. 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 Company defines capital to include its shareholders' equity. To enable the Company to carry out any planned exploration or other investment and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and other investments and seek to acquire an interest in additional properties and other investments if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, Equity Portion of Convertible Debentures and accumulated deficit, which as at September 30, 2019 totaled \$334,910 (2018 - \$134,800).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration and other investment activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of mineral deposits and other investments.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and short-term guarantee deposits, all held with a major Canadian financial institution.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

18. FINANCIAL INSTRUMENTS

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

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations.

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

Interest Rate Risk

The Company's borrowings are at fixed interest rates and therefore the Company is exposed to potential interest rate risk. If market interest rates fluctuate, the fair value of the borrowings will fluctuate.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had current assets of \$299,245 (2018 - \$175,191) and current liabilities of \$168,455 (2018 - \$40,391). The Company's financial liabilities and receivables are all subject to normal trade terms. The Company had current working capital of \$130,790 as of September 30, 2019 (2018 - \$134,800).

19. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's retail and office location in Quesnel, B.C. is rented on a month-to-month rental contract. Monthly rental is \$1,100 plus GST. A portion of the retail and office space is sublet to an unrelated third party, also on a month-to-month basis, for \$682 per month.

The Company is required to meet certain spending commitments to keep its placer and mineral claims in good standing. The Company's Fontaine placer claims are currently paid up until November 15, 2022. The Company's Fontaine mineral claims are paid up until April 25, 2020. Qualifying assessment work of \$41,072 will move the mineral claims forward until April 25, 2021.

The minimum required annual exploration and development expenditures to keep the properties in good standing over the next five years are as follows:

	Mineral Claims	Placer Claims	Total
2020	\$ 41,072	-	\$ 41,072
2021	\$ 41,072	-	\$ 41,072
2022	\$ 82,144	-	\$ 82,144
2023	\$ 82,144	-	\$ 82,144
2024	\$123,072	\$12,857	\$135,929
<u>Total</u>	<u>\$369,504</u>	<u>\$12,857</u>	<u>\$382,361</u>

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

20. GOLD LOAN RECEIVABLE AND RELATED REVENUE

On October 11, 2016, the Company advanced \$50,000 to 1960146 Alberta Ltd., a company involved in alluvial gold mining in B.C., pursuant to a gold loan agreement signed in September of 2016. At the time that the loan was negotiated, the Company and 1960146 Alberta Ltd. were not related parties. In May of 2017, the Company and 1960146 Alberta Ltd. became related parties when Pearson John (Perry) Little and Shawn Stockdale became Directors and Officers of the Company. They were the Directors and Officers of 1960146 Alberta Ltd. when the loan was finalized and they continue in those roles at present. Under the terms of the agreement, repayment of the loan was satisfied with the delivery of 62 refined ounces over the period ending September 30, 2018. The Company could elect to receive the cash equivalent in lieu of physical gold delivery. Where cash delivery was exercised, the price received for the scheduled ounces was based on the 30-day average spot price, less a 5% processing and selling fee. The loan was secured through a first charge security interest in the gold processing trommel which is owned free and clear by the borrower. By September 30, 2018, the loan had been fully repaid as per the schedule and the security has been released.

The following table illustrates the gold loan repayment schedule, in ounces:

Production month by fiscal quarter	Ounces required to be delivered	Delivery option elected
2017-Q1	6	Received in cash
2017-Q2	-	
2017-Q3	8	Received in cash
2017-Q4	13	Received 8 ounces of gold and the remainder in cash
2018-Q1	10	Received 1 ounce of gold and the remainder in cash
2018-Q2	-	
2018-Q3	10	Received in cash
2018-Q4	15	Received in cash

The gold loan was identified as a compound financial instrument containing a host loan contract and a gold linked derivative contract. The gold linked derivative contract was separated from the host contract and accounted for at FVTPL as the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. The host loan contract has been accounted for at amortized cost.

The fair value of the derivative liability at September 30, 2017 was determined by calculating the difference between forward market price of gold at September 30, 2017 (\$1,596) less the forward market price at the inception of the loan, less processing and selling fees (5%), multiplied by the ounces of gold to be received at September 30, 2017 (35). During 2018, all payments were received and the value of the derivative at September 30, 2018 is \$nil.

Interest related to the gold loan has been recognized based on the effective interest rate of 63%.

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

20. GOLD LOAN RECEIVABLE AND RELATED REVENUE (Continued)

Total payments received on the gold loan receivable in the year ended September 30, 2018 were \$61,650 (2017 - \$34,434). All of the payments were received from 1960146 Alberta Ltd. which became a related party in May of 2017.

All of the gold that was received by the Company as payment on the gold loan receivable was sold during the year ended September 30, 2018.

21. INCOME TAXES

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to income (loss) before income taxes. The principle reasons for differences between such “expected” income tax expense and the amount actually recorded are as follows:

	<u>2019</u>	<u>2018</u>
Net income (loss)	\$ (112,536)	\$ (73,965)
Statutory rate	<u>26.75%</u>	<u>27.00%</u>
Expected tax provision	(30,103)	(19,971)
Permanent differences	810	(298)
Share issuance costs	(6,343)	-
Change in unrecognized DIT assets	(24,070)	20,269
<u>Change in tax rate</u>	<u>59,706</u>	<u>-</u>
<u>Tax provision</u>	<u>-</u>	<u>-</u>

The Canadian statutory income tax rate of 26.75% (2018 – 27%) is comprised of the federal income tax rate at approximately 15.0% (2018 – 15%) and the provincial income tax rate of approximately 11.75% (2018 – 12%). The deferred combined statutory tax rate is expected to be 23% for 2022 and subsequent years (2018 – 27%).

Deferred tax assets (liabilities) have been recognized as follows:

	<u>2019</u>	<u>2018</u>
Automotive equipment	\$(3,698)	\$ -
Non-capital losses	<u>3,698</u>	<u>-</u>
<u>Total</u>	<u>\$ -</u>	<u>\$ -</u>

Green River Gold Corp.
Notes to the Financial Statements
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian dollars)

20. INCOME TAXES (Continued)

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2019	2018
Share issuance and financing costs	\$ 7,410	\$ 4,314
Exploration and evaluation expenditures	\$ 60,443	\$ 72,902
<u>Non-capital losses</u>	<u>\$282,563</u>	<u>\$301,951</u>
<u>Total</u>	<u>\$350,416</u>	<u>\$379,167</u>

The Company has non-capital losses for income tax purposes in Canada of approximately \$1,262,613 which are available to be applied against future years' taxable income over the next 7 to 20 years.

22. EVENTS AFTER THE REPORTING PERIOD

On October 9, 2019, the Company announced a non-brokered private placement of flow-through shares priced at \$0.07 per share. The offering was completed before the end of December of 2019 and raised \$106,000 in gross proceeds during the first quarter of the 2020 fiscal year.

On January 23, 2020, the Company announced a private placement of up to \$1,000,000. The financing will consist of two parts:

(1) up to \$500,000 of units consisting of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share at a price of \$0.10 for a period of two years following the date of the financing.

(2) up to \$500,000 of 8% convertible unsecured debentures with a term of three years from the date of issuance, convertible into common shares of the Company at a price of \$0.10 per common share.

The Company has engaged an independent Canadian investment banking firm to assist with obtaining the financing. Pursuant to this engagement, the Company has paid a non-refundable work fee of \$30,000. The Company has agreed to pay a cash commission of 8% of the total proceeds raised by the investment bank, along with broker warrants. The work fee is deductible from any commissions payable on the financing.