

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended January 31, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-53848

RISE RESOURCES INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

30-0692325

(IRS Employer Identification Number)

488 – 1090 West Georgia Street  
Vancouver, British Columbia, Canada V6E 3V7

(Address of principal executive offices)(Zip Code)

(604) 260-4577

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting Company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

As of March 17, 2017, the registrant had 57,297,841 shares of common stock issued and outstanding.

## **PART I - FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS.**

The consolidated financial statements of Rise Resources Inc. (formerly Patriot Minefinders Inc.) (“we”, “us”, “our”, the “Company”, or the “registrant”), a Nevada corporation, included herein were prepared, without audit, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, the consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the audited financial statements of the Company in the Company's Form 10-K for the fiscal year ended July 31, 2016.

**RISE RESOURCES INC.**  
**(AN EXPLORATION STAGE COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**PERIOD ENDED JANUARY 31, 2017**

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**RISE RESOURCES INC.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

AS AT

	January 31, 2017 (unaudited)	July 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 597,246	\$ 139,021
Receivables	22,771	20,021
Prepaid expenses	517,311	9,566
	<u>1,137,328</u>	<u>168,608</u>
Mineral properties (Note 3)	<u>3,533,903</u>	<u>563,031</u>
	<u>\$ 4,671,231</u>	<u>\$ 731,639</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 318,386	\$ 183,996
Loan from related parties (Note 6)	39,687	43,214
	<u>358,073</u>	<u>227,210</u>
<b>Stockholders' equity (deficiency)</b>		
Capital stock, \$0.001 par value, 400,000,000 shares authorized; 56,842,841 (July 31, 2016 – 32,866,261) shares issued and outstanding (Note 7)	56,844	32,867
Additional paid-in-capital (Note 7)	7,531,727	2,475,194
Subscriptions received in advance (Note 7)	43,750	-
Cumulative translation adjustment	(166,663)	(166,663)
Deficit	<u>(3,152,500)</u>	<u>(1,836,969)</u>
	<u>4,313,158</u>	<u>504,429</u>
	<u>\$ 4,671,231</u>	<u>\$ 731,639</u>

**Nature and continuance of operations** (Note 1)**Contingency** (Note 4)**Subsequent events** (Note 10)

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



**RISE RESOURCES INC.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended January 31, 2017	Three months ended January 31, 2016	Six months ended January 31, 2017	Six months ended January 31, 2016
<b>EXPENSES</b>				
Consulting (Note 6)	\$ 8,029	\$ 18,579	\$ 195,171	\$ 35,270
Filing and regulatory	9,073	14,771	19,204	19,953
Foreign exchange	(548)	8,062	1,407	8,853
Gain on settlement of payables	(11,415)	(6,244)	(11,415)	(36,934)
General and administrative	57,648	6,460	60,006	12,974
Professional fees	63,958	17,912	93,752	17,912
Promotion and shareholder communication	250,228	2,470	267,673	2,470
Property investigation	55,253	-	55,253	-
Salaries (Note 6)	31,994	-	64,225	-
Share-based payments (Note 7)	464,159	-	570,255	-
<b>Net loss and comprehensive loss</b>	<b>\$(1,018,379)</b>	<b>\$(62,010)</b>	<b>\$(1,315,531)</b>	<b>\$(60,318)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>41,459,255</b>	<b>25,428,533</b>	<b>37,360,584</b>	<b>31,650,905</b>

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

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE PERIOD ENDED JANUARY 31

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,315,531)	\$ (60,318)
Items not involving cash		
Gain on settlement of payables	(11,415)	(36,934)
Shares issued for compensation	60,000	-
Share-based payments	570,255	-
Unrealized foreign exchange	(3,721)	6,945
Non-cash working capital item changes:		
Receivables	(2,750)	(5,961)
Prepaid expenses	(507,745)	-
Accounts payable and accrued liabilities	28,096	15,347
Net cash used in operating activities	(1,182,811)	(80,921)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of mineral property	(2,786,872)	-
Net cash used in investing activities	(2,786,872)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued for cash	4,476,900	605,000
Warrants exercised	27,208	-
Subscriptions received in advance	43,750	-
Share issuance costs	(119,950)	(74,643)
Net cash provided by financing activities	4,427,908	530,357
<b>Change in cash for the period</b>	458,225	(449,436)
<b>Cash, beginning of period</b>	139,021	18,000
<b>Cash, end of period</b>	\$ 597,246	\$ 467,436
<b>Interest</b>	\$ -	\$ -
<b>Income taxes</b>	-	-

Supplemental cash flow information (Note 8)

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

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)**

(Expressed in Canadian Dollars)

(Unaudited)

	<u>Capital Stock</u>		Additional Paid-in Capital	Subscriptions Received in Advance	Cumulative Translation Adjustment	Deficit	Total
	Number	Amount					
<b>Balance as at July 31, 2015</b>	38,297,197	\$ 38,298	\$ 1,157,868	\$ -	(166,663)	\$ (1,203,503)	\$ (174,000)
Shares surrender and cancellation (Note 7)	(13,000,186)	(13,000)	13,000	-	-	-	-
Shares issued for cash	6,050,000	6,050	598,950	-	-	-	605,000
Share issuance costs	-	-	(122,599)	-	-	-	(122,599)
Loss for the period	-	-	-	-	-	(60,318)	(60,318)
<b>Balance as at January 31, 2016</b>	31,347,011	31,348	1,647,219	-	(166,663)	(1,263,821)	248,083
Shares issued for cash	19,250	19	1,906	-	-	-	1,925
Shares issued for mineral property	1,500,000	1,500	238,500	-	-	-	240,000
Warrants issued for mineral property	-	-	223,031	-	-	-	223,031
Share issuance costs	-	-	(4,468)	-	-	-	(4,468)
Share-based payments	-	-	369,006	-	-	-	369,006
Loss for the period	-	-	-	-	-	(573,148)	(573,148)
<b>Balance as at July 31, 2016</b>	32,866,261	32,867	2,475,194	-	(166,663)	(1,836,969)	504,429
Shares issued for cash	22,384,500	22,385	4,454,515	-	-	-	4,466,400
Shares issued for mineral property	920,000	920	183,080	-	-	-	184,000
Shares issued for compensation	400,000	400	59,600	-	-	-	60,000
Warrants exercised	272,080	272	26,936	-	-	-	27,208
Subscriptions received in advance	-	-	-	43,750	-	-	43,750
Share issuance costs	-	-	(237,853)	-	-	-	(237,853)
Share-based payments	-	-	570,255	-	-	-	570,255
Loss for the period	-	-	-	-	-	(1,315,531)	(1,315,531)
<b>Balance as at January 31, 2017</b>	56,842,841	\$ 56,844	\$ 7,531,727	\$ 43,750	(166,663)	\$ (3,152,500)	\$ 4,313,158

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

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Atlantic Resources Inc. (the “Company”) was incorporated in the State of Nevada on February 9, 2007 and is in the exploration stage. On January 14, 2015, the Company merged its wholly-owned subsidiary, Rise Resources Inc., a Nevada corporation, in and to the Company to effect a name change from Patriot Minefinders Inc. to Rise Resources Inc. Rise Resources Inc. was formed solely for the purpose of effecting the change of name.

On February 16, 2015, the Company increased its authorized capital from 21,000,000 shares to 400,000,000 shares.

On January 29, 2016, the Company completed an initial public offering in Canada and began trading on the Canadian Securities Exchange (“CSE”) on February 1, 2016.

The Company is in the early stages of exploration and as is common with any exploration company, it raises financing for its acquisition activities. The accompanying condensed consolidated interim financial statements have been prepared on the going concern basis, which presumes that the Company will continue operations for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of business. The Company has incurred a loss of \$1,315,531 for the period ended January 31, 2017 and has accumulated a deficit of \$3,152,500. This raises substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company’s ability to raise additional capital and implement its business plan, which is typical for a start-up company. The condensed consolidated interim financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management of the Company (“management”) is of the opinion that sufficient financing will be obtained from external financing and further share issuances to meet the Company’s obligations. At January 31, 2017, the Company had working capital of \$779,255.

**2. BASIS OF PREPARATION****Generally Accepted Accounting Principles**

The accompanying unaudited condensed consolidated interim financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America (“US GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”) for financial information with the instructions to Form 10-Q and Regulation S-K. Results are not necessarily indicative of results which may be achieved in the future. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K, which contains the audited financial statements and notes thereto, together with Management’s Discussion and Analysis, for the year ended July 31, 2016. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such SEC rules and regulations.

**Basis of Consolidation**

The condensed consolidated interim financial statements comprise the accounts of Rise Resources Inc., the parent company, and its wholly-owned subsidiary, Rise Grass Valley, Inc., a Nevada corporation, after the elimination of all material intercompany balances and transactions.

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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**2. BASIS OF PREPARATION (cont'd...)****Basis of Consolidation (cont'd...)***Subsidiaries*

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

**Recently Adopted and Recently Issued Accounting Standards**

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes". This ASU eliminates the current requirement to present deferred tax assets and liabilities as current and noncurrent amounts in a classified balance sheet and replaces it with a noncurrent classification of deferred tax assets and liabilities. The ASU applies to all entities and is effective for annual periods beginning after December 15, 2017, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of adoption of this standard.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities". This ASU amendment addresses aspects of recognition, measurement, presentation and disclosure of financial instruments. It affects investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value, and simplifies the impairment assessment of equity investments without a readily determinable fair value by requiring a qualitative assessment. The ASU applies to all entities and is effective for annual periods beginning after December 15, 2017, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of adoption of this standard.

Other than the above, the Company has determined that other significant newly issued accounting pronouncements are either not applicable to the Company's business or that no material effect is expected on the financial statements as a result of future adoption.

**Use of Estimates**

The preparation of condensed consolidated interim financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of estimates include the valuation allowance applied to deferred income taxes and valuation of stock options and agent warrants. Actual results could differ from those estimates, and would impact future results of operations and cash flows.

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

**3. MINERAL PROPERTIES**

The Company's mineral properties balance consists of:

	January 31, 2017	July 31, 2016
Klondike, British Columbia	\$ 513,031	\$ 513,031
Indata, British Columbia	50,000	\$50,000
Idaho-Maryland, California	2,970,872	-
Total	\$ 3,533,903	\$ 563,031

**Title to Mineral Properties**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveying history characteristic of many mineral properties. As at January 31, 2017, the Company does not hold titles to any mineral properties.

**Indata, British Columbia**

On May 18, 2015, the Company entered into an option agreement with Eastfield Resources Ltd., ("Eastfield"), pursuant to which Eastfield granted the Company the exclusive and irrevocable right to acquire up to a 75% interest in and to certain claims in the Indata property located in the Omineca Mining Division in British Columbia, Canada. In order to earn the initial 60% interest, the Company is required to pay Eastfield an aggregate of \$350,000 (\$50,000 paid to date) in cash and incur a minimum of \$2,000,000 in aggregate exploration expenditures on the property by April 3, 2019. In order to earn the additional 15% interest, the Company is required to pay Eastfield \$100,000 cash within 90 days of earning the 60% interest and incur a further \$500,000 in aggregate annual exploration expenditures on the property until such time as the Company is able to complete a feasibility study on the property. As at January 31, 2017, the Company has incurred cumulative exploration expenditures of \$4,035 on the Indata property.

**Klondike, British Columbia**

On May 26, 2016, the Company entered into an agreement with Klondike Gold Corp. ("Klondike") regarding the purchase of a portfolio of seven gold and base metal properties in southeast British Columbia. Under the agreement, within 60 days of signing, the Company paid Klondike \$50,000 in cash, issued 1,500,000 shares of the Company's common stock valued at \$240,000, and issued 1,500,000 warrants valued at \$223,031 (discount rate – 0.49%, volatility – 200.64%, expected life – 2 years, dividend yield – 0%), exercisable at \$0.227 per share until July 13, 2018. On the one year anniversary of the first closing, the Company will pay Klondike \$150,000 in cash, issue 2,000,000 shares of the Company's common stock, and issue 1,000,000 warrants. Klondike will retain a 2% net smelter return royalty ("NSR") and the Company will have the right to purchase 50% of the NSR for \$1,000,000 at any time after the first closing. Each of the warrants is exercisable for a period of two years into one share of the Company's common stock at a price that is a 20% premium to the 10-day volume-weighted average price of the stock on the CSE immediately prior to the date of issuance. As at January 31, 2017, the Company has incurred cumulative exploration expenditures of \$10,408 on the Klondike properties.

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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**3. MINERAL PROPERTIES (cont'd...)****Idaho-Maryland Gold Mine Property, California**

On August 30, 2016, the Company entered into an option agreement with three parties to purchase a 100% interest in and to the Idaho-Maryland Gold Mine property located near Grass Valley, California, United States; pursuant to the option agreement, in order to exercise the option, the Company must pay US\$2,000,000 by November 30, 2016. Upon execution of the option agreement, the Company paid the vendors a non-refundable cash deposit in the amount of \$32,758 (US\$25,000), which will be credited against the purchase price of US\$2,000,000 upon exercise of the option. On November 30, 2016, the Company negotiated an extension of the closing date of the option agreement to December 26, 2016, in return for a cash payment of \$32,758 (US\$25,000), which will be credited against the purchase price of US\$2,000,000 upon exercise of the option. On December 28, 2016, the Company negotiated a further no-cost extension of the closing date of the option agreement to January 31, 2017. On January 25, 2017, the Company exercised the option by paying \$2,588,625 (US\$1,950,000), and acquired a 100% interest in the Idaho-Maryland Gold Mine property. In connection with the option agreement, the Company agreed to pay a cash commission of \$184,000 (US\$140,000) equal to 7 per cent of the purchase price of US\$2,000,000; the commission was settled on January 25, 2017 through the issuance of 920,000 units valued at \$0.20 per unit (Note 7).

On January 6, 2017, the Company entered into an option agreement with Sierra Pacific Industries Inc. to purchase a 100% interest in and to certain surface rights totalling approximately 82 acres located near Grass Valley, California, United States, contiguous to the Idaho-Maryland Gold Mine property acquired by the Company on January 25, 2017. Pursuant to the option agreement, in order to exercise the option, the Company must pay US\$1,900,000 by March 31, 2017. Upon execution of the option agreement, the Company paid the vendors a non-refundable cash deposit in the amount of \$132,732 (US\$100,000), which will be credited against the purchase price of US\$1,900,000 upon exercise of the option.

**4. CONTINGENCY**

During the year ended July 31, 2014, the Company entered into a binding letter of intent ("LOI") with Wundr Software Inc. ("Wundr"). Under the terms of the LOI, the Company would acquire 100% of the issued and outstanding common shares of Wundr. Due to unforeseen circumstances, the Company did not complete the transactions contemplated in the LOI, which the Company announced had expired on January 10, 2014.

On September 17, 2014, the Company learned that it was the subject, along with a number of additional defendants, of a notice of civil claim (the "Claim") filed in the Supreme Court of British Columbia by Wundr, under which Wundr is seeking general damages from the Company as well as damages for conspiracy to cause economic harm. None of the allegations contained in the Claim have been proven in court. Management has determined that the probability of the Claim resulting in an unfavourable outcome and financial loss to the Company is unlikely.

**5. BAD DEBT EXPENSE**

During the year ended July 31, 2016, the Company advanced to Skanderbeg Capital Partners Inc. a total of \$7,126, which had been recorded in prepaid expenses to be applied to future rent expense. As the Company moved its premises during the year ended July 31, 2016, management has assessed the recoverability of the amount and recorded an allowance for doubtful accounts of \$7,126 for the year ended July 31, 2016.

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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**6. RELATED PARTY TRANSACTIONS**

Key management personnel consist of the Chief Executive Officer, Chief Financial Officer, the President, and the directors of the Company. The remuneration of the key management personnel is as follows:

- a) Salaries of \$60,000 (2016 - \$Nil) and 400,000 shares of common stock valued at \$60,000, recognized as consulting expense, to the CEO of the Company;
- b) Consulting fees of \$5,262 (2016 - \$Nil) to a company controlled by a director of the Company; and
- c) Consulting fees of \$18,000 (2016 - \$Nil) to the CFO of the Company
- d) Consulting fees of \$33,617 (2016 - \$15,000) to the President and former CEO of the Company; and
- e) Share-based payments of \$570,255 (2016 - \$Nil) to the CEO of the Company.

As at January 31, 2017, the Company has recorded loans from related parties of \$39,687 (US\$30,500) (July 31, 2016 - \$43,214 or US\$33,099) representing advances made by a director and a former director and officer. The advances are due on demand without interest.

As at January 31, 2017, included in due to related parties is \$19,774 (July 31, 2016 - \$25,494) in accounts and advances payable and accrued liabilities to current and former officers and companies controlled by directors and officers of the Company.

Included in general and administration expenses for the period ended January 31, 2017 is rent of \$Nil (2016 - \$1,725) paid to Skanderbeg Capital Partners Inc., a company that previously advised the Company's management and performed promotional work for the Company.

**7. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL****Issued Capital Stock**

On October 28, 2015, pursuant to a share surrender and cancellation agreement, the Company cancelled 13,000,186 shares of common stock surrendered to the Company, originally issued through debt conversion agreements on February 11, 2015 and March 31, 2015.

On January 29, 2016, the Company completed an initial public offering in Canada, issuing an aggregate of 6,050,000 shares of common stock at a price of \$0.10 per share for gross proceeds of \$605,000. In connection with the offering, the Company paid a cash commission of \$48,400 and issued 484,000 agent warrants valued at \$42,248 (discount rate – 0.43%, volatility – 215.3%, expected life – 2 years, dividend yield – 0%), exercisable at \$0.10 per share for period of 24 months. The Company also paid the agent a corporate finance fee of \$25,000 and incurred other share issuance costs of \$53,667.

On June 3, 2016, the Company issued 19,250 shares of common stock upon the exercise of agent warrants at a price of \$0.10 per share.

On July 18, 2016, the Company issued 1,500,000 shares of common stock at a price of \$0.16 per share to Klondike pursuant to the Klondike properties purchase agreement (Note 3).

On August 1, 2016, the Company issued 400,000 shares of common stock at a price of \$0.15 per share to the Company's CEO as compensation. The shares were valued at \$60,000 on issuance and were recognized as consulting expense.



**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

**7. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL (cont'd...)****Issued Capital Stock (cont'd...)**

On November 1, 2016 and November 7, 2016, the Company issued a total of 272,080 shares of common stock upon the exercise of agent warrants at a price of \$0.10 per share.

On January 25, 2017, the Company issued 920,000 units valued at \$0.20 per unit to an individual pursuant to a debt conversion by the individual in the amount of \$184,000 (US\$140,000), representing a cash commission equal to 7 per cent of the US\$2,000,000 purchase price of the Idaho-Maryland property (Note 3). Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

**Private Placement**

On December 28, 2016, the Company completed a non-brokered private placement, issuing an aggregate of 21,044,500 units at a price of \$0.20 per unit for gross proceeds of \$4,208,900. Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid finders fees of \$218,410 and issued a total of 1,104,300 agent warrants exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

On January 25, 2017, the Company completed a non-brokered private placement, issuing an aggregate of 1,340,000 units at a price of \$0.20 per unit for gross proceeds of \$268,000. Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid finders fees of \$5,220 and issued a total of 26,100 agent warrants exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

During the period ended January 31, 2017, the Company received \$43,750 in proceeds pertaining to the private placement of 455,000 units at \$0.25 per unit, which closed subsequent to January 31, 2017 (Note 10); this amount has been recorded as subscriptions received in advance as at January 31, 2017.

**Stock Options**

During the period ended January 31, 2017, the Company granted a total of 2,729,142 stock options, exercisable at a weighted average price of \$0.23 per share for a period of five years, to the Company's CEO.

The following incentive stock options were outstanding at January 31, 2017:

Number of Shares	Exercise Price	Expiry Date
2,000,000	\$ 0.15	January 31, 2021
586,600	0.20	August 8, 2021
<u>2,142,542</u>	<u>0.24</u>	December 27, 2021
4,729,142	0.20	

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

**7. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL (cont'd...)****Stock Options (cont'd...)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2015	-	\$ -
Options granted	2,700,000	0.15
Balance, July 31, 2016	2,700,000	\$0.15
Options granted	2,729,142	0.23
Options expired/forfeited	(700,000)	(0.15)
Balance outstanding and exercisable, January 31, 2017	4,729,142	\$ 0.20

**Warrants**

The following warrants were outstanding at January 31, 2017:

Number of Warrants	Exercise Price	Expiry Date
192,670	\$ 0.10	January 29, 2018
1,500,000	0.227	July 13, 2018
22,148,800	0.40	December 23, 2018
2,286,100	0.40	January 24, 2019
<u>26,127,570</u>	<u>\$ 0.39</u>	

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2015	-	\$ -
Warrants issued	1,984,000	0.20
Warrants exercised	(19,250)	(0.10)
Balance, July 31, 2016	1,964,750	\$ 0.20
Warrants issued	24,434,900	0.40
Warrants exercised	(272,080)	(0.10)
Balance outstanding, January 31, 2017	26,127,570	\$ 0.39

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

**7. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL (cont'd...)****Warrants (cont'd...)**

During the period ended January 31, 2017, the Company issued 1,130,400 (2016 – 484,000) agent warrants with a weighted average fair value of \$0.17 (2016 - \$0.09).

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of agent warrants issued during the period:

	2017	2016
Risk-free interest rate	0.76%	0.43%
Expected life of warrants	2.0 years	2.0 years
Expected annualized volatility	179.45%	215.30%
Dividend	Nil	Nil
Forfeiture rate	0%	0%

**Share-Based Payments**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less any applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting determined by the board of directors.

During the period ended January 31, 2017, the Company granted 2,729,142 (2016 - Nil) stock options with a weighted average fair value of \$0.21 (2016 - \$Nil). The Company recognized share-based payments expense of \$570,255 (2016 - \$Nil).

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	2017	2016
Risk-free interest rate	0.98%	N/A
Expected life of options	5.00 years	N/A
Expected annualized volatility	147.36%	N/A
Dividend	-	N/A
Forfeiture rate	-	N/A

**8. SUPPLEMENTAL CASH FLOW INFORMATION**

During the period ended January 31, 2017, the Company issued 1,130,400 agent warrants valued at \$197,643, accrued \$117,903 in share issuance costs through accounts payable and accrued liabilities, and issued 920,000 units, each unit comprising one common share and one share purchase warrant, valued at \$184,000 for a debt conversion in relation to mineral property acquisition.

During the period ended January 31, 2016, the Company issued 484,000 agent warrants valued at \$42,248, accrued \$6,658 in share issuance costs through accounts payable and accrued liabilities, and reallocated \$51,948 in deferred financing costs to share issuance costs.

**RISE RESOURCES INC.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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**9. SEGMENTED INFORMATION**

The Company has two reportable segments, being the acquisition of exploration and evaluation assets located in British Columbia, Canada, and California, United States.

**10. SUBSEQUENT EVENTS**

Subsequent to January 31, 2017, the Company:

- Issued 500,000 incentive stock options to an investor relations consultant, each option exercisable into one share of common stock at a price of \$0.33 for a period of three years.
- Completed a non-brokered private placement, issuing an aggregate of 455,000 units at a price of \$0.25 per unit for gross proceeds of \$113,750. Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid finders fees of \$2,625 and issued a total of 10,500 agent warrants exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

### **SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

CERTAIN STATEMENTS IN THIS REPORT, INCLUDING STATEMENTS IN THE FOLLOWING DISCUSSION, ARE WHAT ARE KNOWN AS "FORWARD LOOKING STATEMENTS", WHICH ARE BASICALLY STATEMENTS ABOUT THE FUTURE. FOR THAT REASON, THESE STATEMENTS INVOLVE RISK AND UNCERTAINTY SINCE NO ONE CAN ACCURATELY PREDICT THE FUTURE. WORDS SUCH AS "PLANS", "INTENDS", "WILL", "HOPES", "SEEKS", "ANTICIPATES", "EXPECTS" AND THE LIKE OFTEN IDENTIFY SUCH FORWARD LOOKING STATEMENTS, BUT ARE NOT THE ONLY INDICATION THAT A STATEMENT IS A FORWARD LOOKING STATEMENT. SUCH FORWARD LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING OUR PLANS AND OBJECTIVES WITH RESPECT TO PRESENT AND FUTURE OPERATIONS, AND STATEMENTS WHICH EXPRESS OR IMPLY THAT SUCH PRESENT AND FUTURE OPERATIONS WILL OR MAY PRODUCE REVENUES, INCOME OR PROFITS. NUMEROUS FACTORS AND FUTURE EVENTS COULD CAUSE US TO CHANGE SUCH PLANS AND OBJECTIVES OR FAIL TO SUCCESSFULLY IMPLEMENT SUCH PLANS OR ACHIEVE SUCH OBJECTIVES, OR CAUSE SUCH PRESENT AND FUTURE OPERATIONS TO FAIL TO PRODUCE REVENUES, INCOME OR PROFITS. THEREFORE, THE FOLLOWING DISCUSSION SHOULD BE CONSIDERED IN LIGHT OF THE DISCUSSION OF RISKS AND OTHER FACTORS CONTAINED IN THIS QUARTERLY REPORT ON FORM 10-Q AND IN OUR OTHER FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. NO STATEMENTS CONTAINED IN THE FOLLOWING DISCUSSION SHOULD BE CONSTRUED AS A GUARANTEE OR ASSURANCE OF FUTURE PERFORMANCE OR FUTURE RESULTS.

### **Description of Business**

The Company is a mineral exploration company and its primary asset is a major past producing high grade property near Grass Valley, California, United States, which it owns outright. The Company also has a copper/gold property under option in British Columbia, Canada, and several other potential mineral properties in British Columbia, Canada. The Company's common stock is currently traded on the OTC Markets under the symbol "RYES", and listed on the Canadian Securities Exchange (the "CSE") under the symbol "UPP". The Company ceased to be an OTC reporting issuer in Canada on February 2, 2016.

On May 18, 2015, the Company entered into an option agreement (the "Option Agreement") with Eastfield Resources Ltd., a British Columbia company with its common shares listed for trading on the TSX Venture Exchange under the symbol "ETF" ("Eastfield"), pursuant to which Eastfield granted the Company the exclusive and irrevocable option to acquire up to a 75% undivided interest in and to certain mineral claims known as the Indata property located in the Omineca Mining Division in British Columbia, Canada (the "Indata Property"). In order to earn the initial 60% interest, the Company is required to pay Eastfield an aggregate of \$350,000 in cash and incur a minimum of \$2,000,000 in aggregate exploration expenditures on the Indata Property by April 3, 2019. In order to earn the additional 15% interest, it is required to pay Eastfield \$100,000 within 90 days of earning the 60% interest and incur a further \$500,000 in aggregate annual exploration expenditures on the Indata Property until such time as the Company is able to complete a feasibility study on the property. Upon the completion of a feasibility study, the additional 15% interest will be deemed to have been earned.

Prior to entering into the Option Agreement, the Company was a development stage company engaged in exploring and evaluating potential strategic transactions in multiple industries, including but not limited to mineral properties and technology.

On May 31, 2016, the Company entered into a property purchase agreement (the "Purchase Agreement") with Klondike Gold Corp., a British Columbia company with its common shares listed for trading on the TSX Venture Exchange under the symbol "KG" ("Klondike"), regarding the purchase of a portfolio of seven gold and base metal properties in southeast British Columbia consisting of 150 mining claims with a total area of 28,000 hectares (collectively, the "Klondike Properties"). Under the Purchase Agreement, on July 13, 2016 (the "First Closing"), the Company paid Klondike \$50,000 in cash, issued 1,500,000 shares of the Company's common stock, and issued

1,500,000 warrants exercisable at a price of \$0.227 per share until July 13, 2018. On the one year anniversary of the First Closing, the Company is required to pay Klondike \$150,000 in cash, issue 2,000,000 shares of the Company's common stock, and issue 1,000,000 warrants. Klondike will retain a 2% net smelter return royalty ("NSR") and the Company will have the right to purchase 50% of the NSR for \$1,000,000 at any time after the First Closing. Each of the warrants is exercisable for a period of two years into one share of the Company's common stock at a price that is a 20% premium to the 10-day volume-weighted average price of the stock on the CSE immediately prior to the date of issuance.

On August 30, 2016, the Company entered into an option agreement with three parties to purchase a 100% interest in and to the Idaho-Maryland Gold Mine property located near Grass Valley, California, United States; pursuant to the option agreement, in order to exercise the option, the Company must pay US\$2,000,000 by November 30, 2016. Upon execution of the option agreement, the Company paid the vendors a non-refundable cash deposit in the amount of \$32,758 (US\$25,000), which will be credited against the purchase price of US\$2,000,000 upon exercise of the option. On November 30, 2016, the Company negotiated an extension of the closing date of the option agreement to December 26, 2016, in return for a cash payment of \$32,758 (US\$25,000), which will be credited against the purchase price of US\$2,000,000 upon exercise of the option. On December 28, 2016, the Company negotiated a further no-cost extension of the closing date of the option agreement to January 31, 2017. On January 25, 2017, the Company exercised the option by paying \$2,588,625 (US\$2,000,000), and acquired a 100% interest in the Idaho-Maryland Gold Mine property. In connection with the option agreement, the Company agreed to pay a cash commission of \$184,000 (US\$140,000) equal to 7 per cent of the purchase price of US\$2,000,000; the commission was settled on January 25, 2017 through the issuance of 920,000 units valued at \$0.20 per unit, each unit consisting of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance..

The Company believes it can prepare a mineral resource estimate, exploration plan, and a preliminary mine plan through processing historic data on the Idaho-Maryland property within three months of the closing of the purchase.

On December 28, 2016, the Company completed a non-brokered private placement, issuing an aggregate of 21,044,500 units at a price of \$0.20 per unit for gross proceeds of \$4,208,900. Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid finders fees of \$218,410 and issued a total of 1,104,300 agent warrants exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

On January 6, 2017, the Company entered into an option agreement with Sierra Pacific Industries Inc. to purchase a 100% interest in and to certain surface rights totalling approximately 82 acres located near Grass Valley, California, United States, contiguous to the Idaho-Maryland Gold Mine property acquired by the Company on January 25, 2017. Pursuant to the option agreement, in order to exercise the option, the Company must pay US\$1,900,000 by March 31, 2017. Upon execution of the option agreement, the Company paid the vendors a non-refundable cash deposit in the amount of \$132,732 (US\$100,000), which will be credited against the purchase price of US\$1,900,000 upon exercise of the option.

On January 25, 2017, the Company completed a non-brokered private placement, issuing an aggregate of 1,340,000 units at a price of \$0.20 per unit for gross proceeds of \$268,000. Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid finders fees of \$5,220 and issued a total of 26,100 agent warrants exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

On February 5, 2017, the Company completed a non-brokered private placement, issuing an aggregate of 455,000 units at a price of \$0.25 per unit for gross proceeds of \$113,750. Each unit consists of one share of common stock and one transferable share purchase warrant exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid finders fees of \$2,625 and issued a total of 10,500 agent warrants exercisable into one share of common stock at a price of \$0.40 for a period of two years from the date of issuance.

## Plan of Operations

As at January 31, 2017, the Company had a cash balance of \$597,246, compared to a cash balance of \$139,021 as of July 31, 2016.

The Company's plan of operations for the next 12 months is to review the geological information acquired with the Idaho-Maryland Gold Mine property, and prepare a mineral resource estimate, exploration plan, and a preliminary mine plan. Information derived from this work and the resulting report will shape the future direction of the Company.

The Company also plans to carry out the first of a two-phase exploration program on the Indata Property in the summer of 2017 at a total cost of approximately \$304,605, as follows:

### *Phase I: Line Cutting, Mapping, Geophysical and Geochemical Surveys*

Description	Amount (\$)
Field supervision / mapping (fees)	40,800
Field supervision room & board expenses	19,125
Line cutting (including personnel costs, room & board and vehicle expenses)	84,600
Field supervision / sampling (fees)	13,600
Soil sampling (including personnel costs, room & board and vehicle expenses)	9,180
Soil and rock sample analysis	20,000
IP and magnetics survey	68,000
Geophysical surveying costs (including room & board and vehicle expenses)	24,800
Reporting and drafting	10,000
Contingency	14,500
<b>Total</b>	<b>304,605</b>

The first phase combines line cutting, soil sampling and geophysics work to provide the information needed to determine drill targets, if any, for the second phase and will achieve the exploration budget for the next 12 months required by the Option Agreement. Note that the Company has approached the optionor of the Indata property and is in discussions to amend the current option agreement to allow for this work to occur in the summer of 2017, and any further work to proceed in the summer of 2018. The Company expects to complete the second phase of the exploration program by November 30, 2018, as follows:

### *Phase II: Drilling Program*

Description	Amount (\$)
Drilling costs	160,000
Site preparation	10,000
Sample analysis	10,000
Geologist / supervisor (fees)	30,000
Field crew (fees)	12,000

Description	Amount (\$)
Field crew expenses (including room & board, vehicle expenses and equipment expenses)	38,000
Data compilation / report preparation	10,000
Contingency	13,500
<b>Total</b>	<b>283,500</b>

The Company is currently evaluating the seven southeast British Columbia properties that it purchased from Klondike. An exploration program will be compiled based on the findings from this evaluation.

In addition to the two phase program and future work on the southeast British Columbia properties, the Company anticipates spending approximately \$291,500 on general operating expenses, including fees payable in connection with its filing obligations as a reporting issuer in both the United States and Canada, as follows:

Description	Amount (\$)
Consulting fees	96,000
Employment expenses	130,000
Professional fees	22,500
Filing and regulatory expenses	5,500
Rent	12,000
Marketing and website development expenses	4,000
General and administrative expenses	21,500
<b>Total</b>	<b>291,500</b>

The Company does not currently have sufficient funds to carry out the two-phase exploration program or cover its anticipated general operating expenses for the year, so it will require additional funding. The Company anticipates that additional funding will be in the form of equity financing from the sale of its common stock or from loans from one of several directors or officers, or companies controlled by directors or officers. The Company does not have any arrangements in place for any future equity financing or loans, and if the Company is not successful in raising additional financing, the Company anticipates that it will not be able to proceed with its business plan.

The Company anticipates incurring operating losses for the foreseeable future. It bases this expectation, in part, on the fact that very few mineral claims in the exploration stage ultimately develop into producing, profitable mines. The Company's future financial results are also uncertain due to a number of factors, some of which are outside its control. These factors include the following:

- its ability to raise additional funding;
- the market price for any minerals that may be discovered on the Indata Property;
- the results of its proposed exploration program on the Indata Property;
- the results of its current geological investigation of the Idaho-Maryland property.

The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its proposed exploration activities. For these reasons the Company's auditors believe that there is substantial doubt that it will be able to continue as a going concern.



## Results of Operations

*For the Periods Ended January 31, 2017 and 2016*

The Company's operating results for the periods ended January 31, 2017 and 2016 are summarized as follows:

	For the period ended January 31, 2017	For the period ended January 31, 2016
Consulting	\$ 195,171	\$ 35,270
Filing and regulatory	19,204	19,953
Foreign exchange	1,407	8,853
Gain on settlement of payables	(11,415)	(36,934)
General and administrative	60,006	12,794
Professional fees	93,752	17,912
Promotion and shareholder communication	267,673	2,470
Property investigation	55,253	-
Salaries	64,225	-
Share-based payments	570,255	-
Loss for the period	<u>(1,315,531)</u>	<u>(60,318)</u>

The Company's operating expenses increased during the period ended January 31, 2017 compared to the prior period primarily as a result of increased costs for consulting, filing and regulatory, professional fees and promotion and shareholder communications, driven by increases in consulting and expenses related to planning and researching the Company's mineral properties, and promotional activity involved in raising funds in the recent private placements.

## Liquidity and Capital Resources

### Working Capital

	At January 31, 2017	At July 31, 2016	Change between July 31, 2016 and January 31, 2017
Current Assets	\$ 1,137,328	\$ 168,608	\$ 968,720
Current Liabilities	358,073	227,210	130,863
Working Capital/(Deficit)	779,255	(58,602)	837,857

### Cash Flows

	For the period ended January 31, 2017	For the period ended January 31, 2016
Net Cash used in Operating Activities	\$ (1,182,811)	\$ (80,921)
Net Cash provided by Investing Activities	(2,786,872)	-
Net Cash provided by in Financing Activities	4,427,908	530,357
Net Increase (Decrease) in Cash During Period	458,255	449,436

As of July 31, 2016, the Company had \$597,246 in cash, \$1,137,328 in current assets, \$4,671,231 in total assets, - \$358,073 in current and total liabilities, a working capital of \$779,255 and an accumulated deficit of \$3,152,500.

During the period ended January 31, 2017, the Company used \$1,182,811 (2016 - \$80,921) in net cash on operating activities. The difference in net cash used in operating activities during the two periods was largely due to the

increase in the Company's net loss for the most recent year, as adjusted for an increase in prepaid expenses, and the accrual of a larger accounts payable, accrued liabilities and due to related parties balance.

During the period ended January 31, 2017, the Company used net cash of \$2,786,872 (US\$2,100,000) (2016 - \$Nil) from investing activities for the acquisition of the Idaho-Maryland property and the recent option agreement to increase the holdings of the Idaho-Maryland property.

The Company received net cash of \$4,427,908 (2016 - \$530,357) from financing activities during the period ended January 31, 2017. In the current period, the Company received gross proceeds of \$4,476,900 (2016 - \$605,000) from private placements, \$27,208 (2016 - \$Nil) from the exercise of warrants, \$43,750 (2016 - \$Nil) from subscriptions received in advance, offset by \$119,950 (2016 - \$74,643) in share issuance costs.

The Company expects to operate at a loss for at least the next 12 months. It has no agreements for additional financing and cannot provide any assurance that additional funding will be available to finance its operations on acceptable terms in order to enable it to carry out its business plan. There are no assurances that the Company will be able to complete further sales of its common stock or any other form of additional financing. If the Company is unable to achieve the financing necessary to continue its plan of operations, then it will not be able to carry out any exploration work on the Indata Property or the other properties in which it owns an interest and its business may fail.

#### **Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

##### **Disclosure Controls and Procedures**

The Securities and Exchange Commission (the "SEC") defines the term "disclosure controls and procedures" to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to its principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this Report, the Company carried out an evaluation, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that its internal control over financial reporting was not effective as of January 31, 2017 because the following material weakness in internal control over financial reporting existed as of that date:

- (i) lack of segregation of incompatible duties due to insufficient personnel.

A material weakness is a deficiency or a combination of control deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in internal control over financial reporting during the period ended January 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

On September 17, 2014, the Company learned that it was the subject, along with a number of additional defendants, of a notice of civil claim (the "Claim") filed in the Supreme Court of British Columbia by Wundr Software Inc. ("Wundr"), an eBook software developer. Wundr and the Company were formerly parties to a binding letter of intent that was announced on November 12, 2013 (the "Wundr LOI"), pursuant to which the Company proposed to acquire 100% of the outstanding shares of Wundr. On January 10, 2014, the Company reported that the Wundr LOI had expired.

Among other things, the Claim alleges that the Company committed the tort of intentional interference with economic or contractual relations by virtue of its role in an alleged scheme to establish a competing business to Wundr, and that the Company, through its agents, breached the terms of the Wundr LOI by appropriating certain confidential information and intellectual property of Wundr for the purpose of establishing a competing business. The Claim also alleges that the Company is vicariously liable for the actions of its agents.

Wundr is seeking general damages from the Company as well as damages for conspiracy to cause economic harm. None of the allegations contained in the Claim have been proven in court, the Company believes that they are without merit, and it therefore intends to vigorously defend its position against Wundr.

Other than as described above, the Company is not aware of any material pending legal proceedings to which it is a party or of which its property is the subject. The Company also knows of no proceedings to which any of its directors, officers or affiliates, or any registered or beneficial holders of more than 5% of any class of the Company's securities, or any associate of any such director, officer, affiliate or security holder are an adverse party or have a material interest adverse to the Company.

### **ITEM 1A. RISK FACTORS.**

Not required.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

The Company has previously provided disclosure regarding all of its unregistered sales of securities made during the quarter covered by this report.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION.**

None.

### **ITEM 6. EXHIBITS.**

(a) The following exhibits are filed herewith:

10.1	Option Agreement among The Earl C & Erica Erickson Trust, Tangold, LLC, and The Estate of Mary Bouma and Rise Resources Inc. dated as of August 30, 2016 (the “Idaho-Maryland Option Agreement”)
10.2	Extension of the Idaho-Maryland Option Agreement dated November 30, 2016
10.3	Extension of the Idaho-Maryland Option Agreement dated December 28, 2016
10.4	Option Agreement between Sierra Pacific Industries Inc. and Rise Resources Inc. dated January 6, 2017
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance File
101.SCH	XBRL Taxonomy Schema Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By:     /s/ Benjamin Mossman      
Benjamin Mossman, Chief Executive Officer

Date:     March 17, 2017

## OPTION AGREEMENT

THIS AGREEMENT is dated as of August 30, 2016

AMONG:

**THE EARL C & ERICA ERICKSON TRUST,  
TANGOLD, LLC, AND  
THE ESTATE OF MARY BOUMA**  
each entities with an address at  
353 Clay Street, Nevada City, CA 96959

(collectively, the "**Optionors**")

AND:

**RISE RESOURCES INC.**  
a Nevada corporation with an address at  
Suite 448 – 1090 West Georgia Street, Vancouver, BC V6E 3V7

(the "**Optionee**")

WHEREAS:

- A. Each of the Optionors is the recorded and beneficial owner of an undivided 1/3 interest in and to certain mineral lands totaling approximately 2,750 acres and certain surface rights totaling approximately 93 acres located near Grass Valley, California, as more particularly described in Schedules "A" and "B" attached hereto (the "**Property**"); and
- B. The Optionors desire to grant and the Optionee desires to acquire the exclusive right to purchase 100% of the right, title and interest in and to the Property on the terms and subject to the conditions set out herein.

NOW THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### 1. DEFINITIONS

- 1.1 In addition to the terms defined herein, in this Agreement the following terms shall have the following meanings:
  - (a) "**Agreement**" means this option agreement and every schedule or exhibit attached hereto, all as may be amended in writing by the parties from time to time;
  - (b) "**Closing Date**" means November 30, 2016, or such other date as may be agreed upon by the parties;
  - (c) "**Environmental Laws**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Endangered Species Act, 16 U.S.C. Sections 1531 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., the Clean Air Act, 42 U.S.C. Sections 7401 et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., the Safe Drinking Water

and Toxic Enforcement Act of 1986, California Health and Safety Code Sections 25249.5, et seq., the Porter Cologne Water Quality Control Act, California Water Code, Sections 13000 et seq., the California Fish & Game Code, Sections 1600 et seq. and 2081 et seq., as said laws have been, or may in the future be, supplemented or amended, the regulations promulgated or to be promulgated in the future pursuant to said laws, and any other federal, state or local law, statute, rule, regulation, ordinance, order, decree and/or directive which regulates or proscribes the presence, suspected presence, use, handling, generation, storage, release, threatened release, transport, and/or disposal of Hazardous Material(s) (as defined below) into the environment; and

- (d) **"Hazardous Material(s)"** means any substance which is designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, nuisance, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, and any chemical, substance, material, constituent, controlled substance, object, condition, waste, living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, petroleum hydrocarbons and petroleum products, lead, asbestos, radon, polychlorinated biphenyls (PCBs), volatile organic compounds (VOCs), metals and all of those chemicals, substances, materials, constituents, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any federal, state or local law, statute, rule, regulation, ordinance, order, decree and/or directive based upon, directly or indirectly, such properties or effects.

## 2. OPTION

- 2.1 In consideration for a non-refundable cash payment of \$25,000 by the Optionee to the Optionors (the **"Deposit"**), the Optionors hereby grant the Optionee the sole and exclusive right and option to acquire an undivided 100% interest in and to the Property from the date hereof until the Closing Date (the **"Option"**).
- 2.2 The Optionee shall pay the Deposit in immediately available funds promptly upon the execution and delivery of this Agreement by the parties and in accordance with written instructions provided by the Optionors to the Optionee.
- 2.3 During the term of the Option, the Optionors shall remain solely responsible for any and all payments on the Property due to any governmental authority.

## 3. PURCHASE AND SALE

- 3.1 In order to exercise the Option, the Optionee shall pay the Optionors an aggregate of \$2,000,000 in cash on the Closing Date. Immediately upon such exercise, an undivided 100% interest in and to the Property shall vest and shall be deemed for all purposes hereof to have vested in the Optionee.
- 3.2 Upon the exercise of the Option, the Optionors shall deliver to the Optionee recordable assignments, conveyances, transfers or such other documents as may be required to record the Optionee's interest in the Property with the appropriate government authorities.



- 3.3 On the Closing Date, the Optionors shall deliver to the Optionee any and all data and other information in their possession or control with respect to the Property that has not been previously delivered to the Optionee.

**4. REPRESENTATIONS AND WARRANTIES**

- 4.1 Representations and Warranties of the Optionors. The Optionors jointly and severally represent and warrant to the Optionee and acknowledge that the Optionee is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:
- (a) each Optionor is the sole recorded and beneficial owner of an undivided 1/3 interest in and to the Property;
  - (b) the Property is not subject to any agreements or rights of third parties, Schedule "A" attached hereto sets forth a true, accurate and complete description the Property and the mineral lands and surface rights comprising the Property have been duly and validly located, recorded and issued and are presently in good standing, free and clear of all liens, charges and encumbrances whatsoever;
  - (c) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, threatened, or to the best of the Optionors' knowledge, pending, which directly or indirectly relate to or affect the Property or the interest of the Optionors therein in any material respect nor are the Optionors aware of any acts that would lead them to suspect that any actions, suits, investigations or proceedings might be initiated or threatened;
  - (d) the Optionors own the Property free and clear of all encumbrances, liens, charges or defects in title and have paid all taxes, assessments, rentals, levies, or other payments relating to the Property required to be made to any federal, state, county or municipal government authority;
  - (e) the Optionors have duly filed all reports and returns required to be filed with governmental authorities and have obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement, and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or to the knowledge of the Optionors, threatened, and none of them will be adversely affected by the Optionors entering into this Agreement;
  - (f) the Optionors have held the Property in material compliance with all laws, rules, statutes, ordinances, orders and regulations and the Optionors have not received any notice of any violation thereof, nor are the Optionors aware of any valid basis therefore;
  - (g) the Optionors have advised the Optionee of all of the material information relating to the mineral potential of the Property of which they have knowledge;
  - (h) no person has any proprietary or possessory interest in the Property other than the Optionors, and no person is entitled to any royalty or other payment in the nature of rent or royalty on any minerals, ores, metals, concentrates or other materials of commercial value produced or derived from the Property;

- (i) there is no adverse claim or challenge against or to the ownership of or title to the Property or any portion thereof, nor any basis for any such claim or challenge, and there are no outstanding agreements or options to purchase or otherwise acquire the Property or any portion thereof or any interest therein;
- (j) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property, the Optionors have not received any notice of the same and they are not aware of any basis on which any such orders or direction could be made;
- (k) the Property is being optioned and sold "AS-IS", and the Optionors are not making any warranty, expressed or implied, to the Optionee with respect to the status or the condition of the Property;
- (l) the Optionors have inherited ownership of the Property, have limited personal knowledge of its history and have not conducted any investigation of the Property with regard to compliance with Environmental Laws and the presence of Hazardous Materials, and accordingly, the Optionors are not providing any warranty with regard to the Property's compliance with Environmental Laws or with regard to the presence of Hazardous Materials on the Property;
- (m) this Agreement, when executed and delivered, will constitute a legal, valid and binding obligation of the Optionors enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;
- (n) each Optionor has the capacity to enter into this Agreement and the execution of this Agreement and the completion of the transactions contemplated hereby does not violate the constating documents of the Optionors, as applicable, the provisions of any law, order, rule or regulation applicable to the Optionors or constitute a breach of any agreement to which the Optionors are a party; and
- (o) neither the Optionors' execution and delivery of this Agreement nor the performance of the terms hereof requires any consent or approval from any third party.

4.2 Representations and Warranties of the Optionee. The Optionee represents and warrants to the Optionors and acknowledges that the Optionors are relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

- (a) the Optionee has been given unfettered access to all background and investigatory reports, environmental information, disclosures, past permitting information, and related documents, and has been advised to investigate the Property and/or conduct all necessary due diligence including an inspection to determine its present condition, and has had, or will have prior to the exercise of the Option, sufficient time and opportunity to satisfy itself with the satisfactory status and condition of the Property;
- (b) the Optionee is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation;
- (c) this Agreement, when executed and delivered, will constitute a legal, valid and binding obligation of the Optionee enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;



- (d) the Optionee has the capacity to enter into this Agreement and the execution of this Agreement and the completion of the transactions contemplated hereby does not violate the constating documents of the Optionee, the provisions of any law, order, rule or regulation applicable to the Optionee or constitute a breach of any agreement to which the Optionee is a party; and
- (e) neither the Optionee's execution and delivery of this Agreement nor the performance of the terms hereof requires any consent or approval from any third party.

4.3 Survival of Representations and Warranties. The representations and warranties in this Agreement shall survive the Closing Date and shall continue in full force and effect for the benefit of the Optionors and the Optionee, as applicable. Such representations and warranties shall apply to all assignments, conveyances, transfers and documents delivered in connection with this Agreement, and there shall not be any merger of any representations and warranties in such assignments, conveyances, transfers or documents notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived. Each of the Optionors and the Optionee shall have the right to waive any representation and warranty made by the other party in their favour without prejudice to any of their recourses with respect to any other breach by such party.

## 5. ACKNOWLEDGMENTS

5.1 The Optionee acknowledges and agrees with the Optionors as follows:

- (a) although the Optionors have disclosed that all or a portion of the Property has been zoned by the County of Nevada (the "**County**") as "Business Park", the Optionors have been informed in both County publications and at County meetings that the Property is or will be rezoned as "Light Industrial" and that such rezoning has been approved by the County planning department; however, the Optionors have no knowledge as to whether or not County supervisors or other officials have voted or are required to vote on such rezoning;
- (b) the Optionors have disclosed that some trash build-up caused by transients has occurred on all or a portion of the Property, that such build-up is generally not permitted by the County, and that although the County has not cited or made any recent complaints about such build-up or, to the knowledge of the Optionors, opened any current files on the Property in that regard, at some point the trash will need to be removed;
- (c) notwithstanding Section 4.1(d), the Optionee is aware that certain easements exist on the Property for power lines, roadways and the like; that a month-to-month lease exists in respect of parcel number 09-550-37; and that one of the Optionors has stated to the lessee of such parcel that if that portion of the Property is sold the lessee will be given a period of 90 days to vacate the parcel;
- (d) the Optioner is aware that the executor of the Estate of Mary Bouma is required to advise the Estate's attorney of this Agreement and that the Estate is required to send a copy of this Agreement and provide such attorney with a 15-day notice period before the executor is able to execute and deliver this Agreement;
- (e) the Optionors have provided one or more grant-based reports or studies to the Optionee, including a map with a summary of historic mine residue sampling from 1989 to the present entitled "Soil Volume Estimates for Further Evaluation with Department of Toxic Substances Control" as included in a Phase 1 Environmental Study in 2015/16, by Geocon (the "**Study**"). To the Optionor's knowledge, the

foregoing report includes and summarizes all historical information known about the Property; however, the Study does not include parcel numbers 09-630-37 and 09-630-39, on which no known historical and/or recent studies have been conducted. In addition, the Optionors understand that a Phase 2 Environmental Study (the "**Phase 2 Study**") is in the process of being conducted on certain portions of the Property described in the Study, but that the Phase 2 Study has not yet been completed and a report thereon has not yet been published. The Optionors have been advised by Tom Last of Grass Valley City Planning that neither the Study nor the Phase 2 Study will result in any obligations to the owner of the Property, and the Optionors expressly agree to provide the Optionee with a copy of any report published on the Phase 2 Study promptly upon receipt of the same; and

- (f) the Optionors have advised the Optionee to independently investigate the Property and conduct all necessary due diligence, including inspection, to determine the present condition of the Property.

## **6. COVENANTS**

- 6.1 The Optionee covenants with the Optionors that, on or before the exercise of the Option, the Optionee will be lawfully authorized to own and hold mineral lands, surface rights and real property under the laws of the State of California.
- 6.2 The Optionors covenant and agree with the Optionee that, following the exercise of the Option and upon the request of the Optionee, they will assist in transferring any rights to easements that exist on the property of third parties that may be of benefit to the Optionee.

## **7. CONDITIONS PRECEDENT**

- 7.1 The obligation of the Optionee to complete the purchase of the Property contemplated hereby is subject to the satisfaction of the following conditions precedent:
  - (a) the Optionors' representations and warranties will be true and correct at the Closing Date;
  - (b) the Optionee shall have had the right to conduct a due diligence review with respect to the Property and title thereto and shall be satisfied with same, in its sole discretion;
  - (c) the Optionors shall have received all regulatory approvals or consents necessary to consummate the transactions set out herein including, without limitation, the sale of the Property to the Optionee;
  - (d) the Optionors will have performed and complied in all material respects with any obligations which they may have to the Optionee under this Agreement; and
  - (e) no statute, rule, regulation, decree, ruling or injunction will have been enacted or entered into, and no litigation, proceeding, government inquiry or investigation will be pending, which challenges, prohibits or restricts, or seeks to prohibit or restrict, the consummation of the transactions contemplated by this Agreement.
- 7.2 The foregoing conditions precedent are inserted for the sole benefit of the Optionee and may be waived in whole or in part by the Optionee by notice in writing to the Optionors at any time prior to the Closing Date.



## 8. TERMINATION

- 8.1 At any time prior to the Closing Date, the Optionee, in its sole discretion, may terminate the Option by providing written notice to the Optionors. In the event of such termination, this Agreement shall also terminate, with the exception of those obligations of a party hereunder that expressly survive such termination, and each party shall cease to be liable to the other parties in debt, damages or otherwise, save for the performance of those obligations of which theretofore should have been performed or those obligations which survive the termination of the Option in accordance with this Agreement. For clarity, if the Option is terminated for any reason whatsoever the Optionors shall be entitled to retain the Deposit.

## 9. CONFIDENTIAL INFORMATION

- 9.1 The parties shall keep confidential all books, records, files and other information supplied by any party to another party or its agents or representatives in connection with this Agreement, including all analyses, reports, studies or other documents prepared by a party or its employees, agents or representatives, which contain information from, or otherwise reflects such books, records, files or other information. The parties shall use their reasonable efforts to ensure that their employees, agents or representatives do not disclose, divulge, publish, transcribe or transfer such information, in whole or in part, other than to an affiliate where such disclosure is for routine corporate purposes, without the prior written consent of the other parties, which consent may not be arbitrarily or unreasonably withheld or delayed. The foregoing restrictions shall not apply to such information or any part thereof to the extent that:
- (a) it is required to be publicly disclosed, forthwith, pursuant to applicable corporate or securities laws or the rules or requirements of any stock exchange;
  - (b) the disclosure is reasonably required to be made to a taxation authority in connection with the taxation affairs of the disclosing party; or
  - (c) such information becomes generally disclosed to the public, other than as a consequence of a breach hereof by one of the parties.

## 10. INDEMNIFICATION

- 10.1 Indemnification by the Optionors. The Optionors, jointly and severally, shall indemnify, defend and hold harmless the Optionee, its affiliates and their respective directors, officers, employees, agents and representatives from and against any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable legal fees (collectively, "**Claims**"), which may be made or brought against the Optionee or which the Optionee may suffer or incur as a result of, in respect of or arising out of any non-fulfillment of any covenant or agreement on the part of the Optionors under this Agreement or any incorrectness in or breach of any representation or warranty of the Optionors contained or incorporated by reference herein or in any other document furnished by the Optionors pursuant to or in relation hereto. This indemnification obligation shall survive the Closing Date and be subject to the requirement that the Optionors shall, in respect of any Claim made by any third party, be afforded an opportunity at their sole expense to resist, defend and compromise the same in a timely manner.
- 10.2 Indemnification by the Optionee. Following the exercise of the Option, the Optionee shall indemnify, defend and hold harmless the Optionors from and against any Claim which may be made or brought against the Optionors or which the Optionors may suffer or incur as a result of any historic, existing or future operations or conditions on the Property, including without limitation any remediation obligations arising under any agreement or applicable law, including, and without limitation, any Environmental Law, the presence, condition, or release of

any Hazardous Materials on the Property, or any violation of applicable law, including without limitation any Environmental Law. This indemnification obligation shall survive the Closing Date and be subject to the requirement that the Optionee shall, in respect of any Claim made by any third party, be afforded an opportunity at its sole expense to resist, defend and compromise the same in a timely manner.

## 11. NOTICES

11.1 Any notice or other writing required or permitted to be given hereunder or for the purposes hereof to either the Optionors or the Optionee shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by e-mail if confirmation of transmission to the recipient is received, to their respective address on the first page of this Agreement, or as follows:

(a) in the case of a notice to the Optionors, to [palen@gorge.net](mailto:palen@gorge.net);

(b) in case of a notice to the Optionee, to [ben@risecapitalresources.com](mailto:ben@risecapitalresources.com);

or at such other address or addresses as the party to whom such writing is to be given shall have last notified the party or parties giving the same in the manner provided in this Section 11.1.

## 12. GENERAL

12.1 Alteration and Amendment. No alteration or amendment to this Agreement shall take effect unless it is in writing duly executed by the parties.

12.2 Time of the Essence. Time shall be of the essence of this Agreement.

12.3 Currency. All references to currency in this Agreement are to United States dollars unless expressly stated otherwise

12.4 Further Assurances. The parties covenant and agree to execute and deliver all such further documents, deeds, conveyances and instruments, and to do all such further acts and things as may be necessary or desirable to carry out the full intent and meaning of this Agreement.

12.5 Validity and Enforceability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision and any such invalid or unenforceable provision shall be deemed to be severable.

12.6 Waiver. No waiver of any provision of this Agreement shall be deemed to or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

12.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of and between the parties relating to the Property and there are no representations, warranties, covenants or other agreements among the parties in connection with the subject matter hereof except as specifically set forth in this Agreement.

12.8 Assignment. No party may transfer all or part of its rights under this Agreement to a third party without the prior written consent of the other parties. Notwithstanding the foregoing, the Optionee may freely transfer all or part of its rights under this Agreement to a corporation controlled by the Optionee.



- 12.9 Independent Legal Advice. Each Optionor acknowledges that this Agreement has been prepared on behalf of the Optionee by legal counsel to the Optionee and acknowledges that such Optionor has had sufficient time to review this Agreement thoroughly, has read and understood the terms of this Agreement and has been given the opportunity to obtain independent legal advice concerning the interpretation and effect of this Agreement prior to its execution.
- 12.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 12.11 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties, and except as otherwise provided or as would be inconsistent with the provisions of this Agreement, their respective heirs, executors, administrators, successors and assigns.
- 12.12 Counterparts. This Agreement may be executed in counterparts and delivered by electronic transmission, each of which so executed and delivered shall be deemed an original and all of which together shall constitute one instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

**THE EARL C AND ERICA ERICKSON TRUST**

**RISE RESOURCES INC.**

Per: DocuSigned by: Erica Erickson 9/1/2016  
Name: Erica Erickson  
Title Trustee

Per: Ben Mossman SEPT 2 2016  
Name: Benjamin Mossman  
Title CEO

**TANGOLD, LLC**

Per: DocuSigned by: Gail Palen 9/1/2016  
Name: Gail Palen  
Title Member

Per: DocuSigned by: Leslie Toms 8/31/2016  
Name: Leslie Toms  
Title Member

**THE ESTATE OF MARY BOUMA**

Per: DocuSigned by: Sandy Brislane 9/26/2016  
Name: Sandy Brislane  
Title Executor

**SCHEDULE "A"**

**THE PROPERTY (SURFACE LAND)**

<b>Parcel Number</b>	<b>Description</b>	<b>Lot Size</b>
09-550-32	SEC 26, TWN 16N, RNG 8E, PTN N 1/2 26-16-8	20,908 SF
09-550-37	SEC 26, TWN 16N, RNG 8E, PTN NE 1/4 26-16-8	4.47 AC
09-550-38	SEC 26, TWN 16N, RNG 8E, PTN NE 1/4 26-16-8	40.1 AC
09-550-39	SEC 26, TWN 16N, RNG 8E, PTN NE 1/4 26-16-8 344 CENTENNIAL DRIVE GRASS VALLEY, CA 95945	42,668 SF
09-550-40	SEC 26, TWN 16N, RNG 8E, PTN NE 1/4 26-16-8	5,662 SF
09-560-36	SEC 26, TWN 16N, RNG 8E, PTN N 1/2 SE 1/4 26-16-8	10.25 AC
09-630-37	LOT 6	21.8 AC
09-630-39	LOT 7	15.07 AC



**SCHEDULE "B"**

**THE PROPERTY (SUBSURFACE LAND)**

Quit Claim Deed by Idaho Maryland Industries Inc. in favor of William Ghidotti and Marian Ghidotti, his wife as tenants in common, dated June 10, 1963 and located at vol. 337, pp. 175-196 in the official records of Inter-County Title Co. on June 12, 1963, in the form attached hereto as Exhibit "A".

*[remainder of page left intentionally blank]*

Extension Agreement dated November 11, 2016.

The parties to that certain Purchase Agreement between Rise Resources Inc. (Buyer) and The Earl C and Erica Erickson Trust, Tangold LLC., and the Estate of Mary Bouma (Seller) dated August 30, 2016 for the purchase and sale of the Idaho Maryland Mine. Purchase Agreement attached as Exhibit 1.

The parties hereby agree that in consideration of Seller extending Escrow to close by December 26<sup>th</sup>, 2016 Buyer shall deposit the sum of \$25,000 into Escrow. The \$25,000 shall be credited to the purchase price upon close of escrow and shall be non-refundable and payable to Seller in the event escrow does not close.

It is understood and agreed that Buyer shall cause its bank to wire the \$25,000 into escrow by November 18, 2016. Proof of the wire's execution, presented to Seller by November 18, 2016, shall cause this extension to be binding on the parties.

The parties by their respective signatures below hereby affirm all other terms of the Purchase Agreement.

This Extension Agreement may be executed in counterparts and delivered by electronic transmission, each of which so executed and delivered shall be deemed an original and all of which together shall constitute one instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

SUCCESSOR CO-TRUSTEES OF THE ERICA ERICKSON SURVIVOR TRUST

Per: Carolene M. Johnson

Per: Carol A. Frost

Date: 11/23/16

**TANGOLD, LLC**

DocuSigned by:  
Per: Gail Palen  
23B339EA2F73420 Gail Palen

Date: 11/12/2016

DocuSigned by:  
Per: Leslie Toms  
9F68BFA2CD6B4BF... Leslie Toms

Date: 11/11/2016

**THE ESTATE OF MARY BOUMA**

Per: Sandra Buslane

Date: 11/16/16

**Amendment to Option Agreement**

This AMENDMENT TO OPTION AGREEMENT, entered into on December 23, 2016, is an amendment to that certain Option Agreement, dated August 30, 2016 (“Option Agreement”), as amended by an Extension Agreement (“Extension Agreement”) dated November 11, 2016, between Rise Resources Inc. and the Earl C. and Erica Erickson Trust, Tangold, LLC, and the Estate of Mary Bouma. This Amendment to Option Agreement is entered into by and between Rise Resources Inc., Rise Grass Valley, Inc., (collectively “Optionee”), and Leslie Toms, Gail Palen, the Erica Erickson Survivor’s Trust created under the Earl C. and Erica Erickson Trust, the Estate of Erica Erickson, Tangold, LLC, and the Estate of Mary Bouma (collectively “Optioner”) to amend the Option Agreement to include additional necessary parties and assign certain rights to Optionee.

**Agreement**

1. **Additional Parties.** The Optionee and Optioner hereby agree to amend the Option Agreement to include the following additional parties: Rise Grass Valley, Inc., a Nevada Corporation, Gail Palen, Leslie Toms, the Erica Erickson Survivor’s Trust, and the Estate of Erica Erickson (Additional Parties).
  - A. Rise Grass Valley, Inc. as the assignee to Rise Resources Inc. shall be treated as an Optionee under the original Option Agreement, and Gail Palen, Leslie Toms, the Erica Erickson Survivor’s Trust, and the Estate of Erica Erickson shall be treated as Optioner under the Option Agreement and under this Amendment to Option Agreement.
  - B. The Optioner desires to grant the exclusive right to purchase 100% of the right, title and interest in and to the Property described in the Option Agreement on the terms and subject to the conditions set forth in the Option Agreement.
  - C. Pursuant to Option Agreement section 12.11, this Amendment to Option Agreement shall be binding upon the Additional Parties, their respective heirs, executors, administrators, successors, and assigns.
2. The following provision shall be added as a new Section 6.3 to the Option Agreement:

**Emgold and Other Previous Leases.** Any rights sellers have in relation to lease agreements previously agreed to by Optioner or its predecessors in interest and Emgold (U.S.) Corporation shall be assigned to Optionee. Optioner shall provide to Optionee all documents and materials related to the Idaho-Maryland Mine in its possession.
3. **Closing Date.** The close of escrow date provided for in Section 1.1(b) of the Option Agreement and as amended in the Extension Agreement shall be extended under the terms of this Amendment to January 31, 2017. The parties acknowledge that this extension is provided to allow for formal assignment of executors for the Estate of Erica

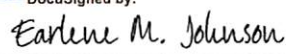
BM

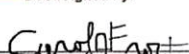
Erickson. The parties will employ reasonable efforts to close the transaction sooner than January 31, 2017, if feasible.

- 4. **Assignment.** All rights provided to Rise Resources Inc. via the Option Agreement and this Amendment to Option Agreement shall be assigned to Rise Grass Valley, Inc. pursuant to Section 12.8 of the Option Agreement.
- 5. **Revised Legal Description.** The Property, as defined in the Option Agreement, and described in Schedule A and Schedule B to the Option Agreement, shall be replaced by the updated Legal Description (Attachment A hereto), which is based on the results of additional title research.
- 6. **Counterparts.** Pursuant to the General Provisions described in the Option Agreement including Section 12.12, this Amendment to Option Agreement may be executed in counterparts and delivered by electronic transmission, each of which so executed and delivered shall be deemed an original and all of which together shall constitute one instrument.

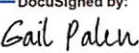
IN WITNESS WHEREOF the parties have executed this Agreement as of the first date written above.

**The Erica Erickson Survivor's Trust**  
 created under the Earl C. and Erica Erickson Trust

DocuSigned by:  
  
 Name: Earlene M. Johnson  
 Title: Trustee  
 Date: 12/22/2016

DocuSigned by:  
  
 Name: Carol A. Frost  
 Title: Trustee  
 Date: 12/22/2016

**Tangold, LLC**  
 A California limited liability company

DocuSigned by:  
  
 Name: Gail Palen  
 Title: Member  
 Date: 12/22/2016

DocuSigned by:  
  
 Name: Leslie Toms  
 Title: Member  
 Date: 12/22/2016

BM

**The Estate of Mary A. Bouma**

DocuSigned by:  
*Sandra J. Brislane*  
Name: Sandra J. Brislane  
Title: Executor

Date: 12/22/2016

**Rise Resources Inc.**

*Ben Mossman*  
Name: Benjamin Mossman  
Title: CEO

Date: DEC 23 2016

**Rise Grass Valley, Inc.,**  
A Nevada Corporation

*Ben Mossman*  
Name: BENJAMIN MOSSMAN  
Title: CEO

Date: DEC 23 2016

**Gail Palen**

DocuSigned by:  
*Gail Palen*  
Name: Gail Palen  
Title: Individual

Date: 12/22/2016


**Leslie Toms**

DocuSigned by:  
*Leslie Toms*  
Name: Leslie Toms  
Title: Individual


Date: 12/22/2016

**The Estate of Erica Erickson**

BM

DocuSigned by:  
  
Name: Earlene M. Johnson  
Title: Executor, NOMINATED

Date: 12/22/2016

DocuSigned by:  
  
Name: Carol A. Frost  
Title: Executor, NOMINATED

Date: 12/22/2016

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**Attachment A  
[Legal Description]**

**SURFACE LAND**

<b>Parcel Number</b>	<b>Description</b>	<b>Lot Size</b>
09-550-32	SEC 26, TWN 16N, RNG 8E, MDBM, PTN N 1/2 26-16-8	20,908 SF
09-550-37	SEC 26, TWN 16N, RNG 8E, MDBM, PTN NE 1/4 26-16-8	4.47 AC
09-550-38	SEC 26, TWN 16N, RNG 8E, MDBM, PTN NE 1/4 26-16-8	40.1 AC
09-550-39	SEC 26, TWN 16N, RNG 8E, MDBM, PTN NE 1/4 26-16-8 344 CENTENNIAL DRIVE GRASS VALLEY, CA 95945	42,668 SF
09-550-40	SEC 26, TWN 16N, RNG 8E, MDBM, PTN NE 1/4 26-16-8	5,662 SF
09-560-36	SEC 26, TWN 16N, RNG 8E, MDBM, PTN N 1/2 SE 1/4 26-16-8	10.25 AC
09-630-37	LOT 6	21.8 AC
09-630-39	LOT 7	15.07 AC

**SUBSURFACE LAND**

All property described in that certain Quit Claim Deed by Idaho Maryland Industries Inc. in favor of William Ghidotti and Marian Ghidotti, his wife as tenants in common, dated June 10, 1963 and located at vol. 337, pp. 175-196 in the official records of Nevada County, as recorded on June 12, 1963.

All rights to minerals within, on, and under the property shown upon the Subdivision Map of BET ACRES, No. 85-7, filed in the Office of the County Records, Nevada County, California, on February 24, 1987, in Book 7 of Subdivisions, at Page 75 et seq.

All rights to minerals within, on, and under the land located in Sections 23, 24, 25, 26, 34, and 35, Township 16 North, Range 8 East, Mount Diablo Base and Meridian, Sections 19, 20, 29, 30, and 31, Township 16 North, Range 9 East, Mount Diablo Base and Meridian, and Section 6, Township 15 North, Range 9 East, Mount Diablo Base and Meridian, and all other mineral rights associated with the Idaho-Maryland Mine.



## OPTION AGREEMENT

THIS AGREEMENT is dated as of January 6, 2017

AMONG:

**SIERRA PACIFIC INDUSTRIES, INC.,**  
with an address at  
19794 Riverside Avenue, Anderson, CA 96007

(the "Optionor")

AND:

**RISE GRASS VALLEY, INC.,**  
a Nevada corporation with an address at  
Suite 448 – 1090 West Georgia Street, Vancouver, BC V6E 3V7

(the "Optionee")

WHEREAS:

- A. The Optionor is the recorded and beneficial owner of certain surface rights totaling approximately 82 acres located near Grass Valley, California, as more particularly described in Schedule "A" attached hereto (the "Property"); and
- B. The Optionor desires to grant and the Optionee desires to acquire the exclusive right to purchase 100% of Optionor's right, title and interest in and to the Property on the terms and subject to the conditions set out herein.

NOW THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### 1. DEFINITIONS

- 1.1 In addition to the terms defined herein, in this Agreement the following terms shall have the following meanings:
  - (a) "Agreement" means this option agreement and every schedule or exhibit attached hereto, all as may be amended in writing by the parties from time to time;
  - (b) "Closing Date" means March 31, 2017, or such other date as may be agreed upon by the parties;
  - (c) "Environmental Laws" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Endangered Species Act, 16 U.S.C. Sections 1531 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., the Clean Air Act, 42 U.S.C. Sections 7401 et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Sections 25249.5, et seq., the Porter Cologne Water Quality Control Act, California Water Code, Sections 13000 et seq., the California Fish & Game Code, Sections 1600 et

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seq. and 2081 et seq., as said laws have been, or may in the future be, supplemented or amended, the regulations promulgated or to be promulgated in the future pursuant to said laws, and any other federal, state or local law, statute, rule, regulation, ordinance, order, decree and/or directive which regulates or proscribes the presence, suspected presence, use, handling, generation, storage, release, threatened release, transport, and/or disposal of Hazardous Material(s) (as defined below) into the environment; and

- (d) **"Hazardous Material(s)"** means any substance which is designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, nuisance, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, and any chemical, substance, material, constituent, controlled substance, object, condition, waste, living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, petroleum hydrocarbons and petroleum products, lead, asbestos, radon, polychlorinated biphenyls (PCBs), volatile organic compounds (VOCs), metals and all of those chemicals, substances, materials, constituents, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any federal, state or local law, statute, rule, regulation, ordinance, order, decree and/or directive based upon, directly or indirectly, such properties or effects.

## 2. OPTION

- 2.1 In consideration for a non-refundable cash payment of \$100,000 by the Optionee to the Optionor (the "Deposit"), the Optionor hereby grants the Optionee the sole and exclusive right and option to acquire Optionor's undivided 100% interest in and to the Property from the date hereof until the Closing Date (the "Option"). The Deposit will be applied to the purchase price of the Property on the Closing Date if the Optionee exercises the Option.
- 2.2 The Optionee shall pay the Deposit in immediately available funds promptly upon the execution and delivery of this Agreement by the parties and in accordance with written instructions provided by the Optionor to the Optionee.
- 2.3 During the term of the Option, the Optionor shall remain solely responsible for any and all payments on the Property due to any governmental authority.

## 3. PURCHASE AND SALE

- 3.1 In order to exercise the Option, the Optionee shall pay the Optionor an aggregate of \$1,900,000 in cash on the Closing Date. Immediately upon such exercise, an undivided 100% interest in and to the Property shall vest and shall be deemed for all purposes hereof to have vested in the Optionee.
- 3.2 Upon the exercise of the Option, the Optionor shall deliver to the Optionee recordable assignments, conveyances, transfers or such other documents as may be required to transfer title to the Property to Optionee with the appropriate government authorities.
- 3.3 On the Closing Date, the Optionor shall deliver to the Optionee any and all data and other information in their possession or control relating to the Property that has not been previously delivered to the Optionee.

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#### 4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Optionor. The Optionor represents and warrants to the Optionee and acknowledges that the Optionee is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

- (a) the Optionor is the sole recorded and beneficial owner of the Property;
- (b) the Property is not subject to any agreements or rights of third parties; Schedule "A" attached hereto sets forth a true, accurate and complete legal description the Property and Optionor has good and marketable title to the surface rights comprising the Property, free and clear of all liens, charges and encumbrances whatsoever except those which will be removed on or before the Closing Date;
- (c) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, threatened, or to the best of the Optionor's knowledge, pending, which directly or indirectly relate to or affect the Property or the interest of the Optionor therein in any material respect, nor is the Optionor aware of any facts that would lead it to suspect that any actions, suits, investigations or proceedings are reasonably likely to be initiated or threatened;
- (d) the Optionor has paid all taxes, assessments, rentals, levies, or other payments relating to the Property required to be made to any federal, state, county or municipal government authority;
- (e) the Optionor has duly filed all reports and returns required to be filed with governmental authorities and has obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement, and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to the knowledge of the Optionor, threatened, and none of them will be materially adversely affected by the Optionor entering into this Agreement;
- (f) the Optionor has held the Property in material compliance with all laws, rules, statutes, ordinances, orders and regulations and the Optionor has not received any notice of any violation thereof, nor are the Optionor aware of any valid basis therefore;
- (g) there is no adverse claim or challenge against or to the ownership of or title to the Property or any portion thereof, nor, to Optionor's knowledge, any basis for any such claim or challenge, and there are no outstanding agreements or options to purchase or otherwise acquire the Property or any portion thereof or any interest therein;
- (h) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property, the Optionor has not received any notice of the same and is not aware of any basis on which any such orders or direction could be made;
- (i) this Agreement, when executed and delivered, will constitute a legal, valid and binding obligation of the Optionor enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;

- (j) the Optionor has the capacity to enter into this Agreement and the execution of this Agreement and the completion of the transactions contemplated hereby does not violate the governing documents of the Optionor, the provisions of any law, order, rule or regulation applicable to the Optionor or constitute a breach of any agreement to which the Optionor is a party; and
- (k) neither the Optionor's execution and delivery of this Agreement nor the performance of the terms hereof requires any consent or approval from any third party.

4.2 **Representations and Warranties of the Optionee.** The Optionee represents and warrants to the Optionor and acknowledges that the Optionor is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

- (a) the Optionee is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation;
- (b) this Agreement, when executed and delivered, will constitute a legal, valid and binding obligation of the Optionee enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;
- (c) the Optionee has the capacity to enter into this Agreement and the execution of this Agreement and the completion of the transactions contemplated hereby does not violate the governing documents of the Optionee, the provisions of any law, order, rule or regulation applicable to the Optionee or constitute a breach of any agreement to which the Optionee is a party; and
- (d) neither the Optionee's execution and delivery of this Agreement nor the performance of the terms hereof requires any consent or approval from any third party.

4.3 **Survival of Representations and Warranties.** The representations and warranties in this Agreement shall survive the Closing Date and shall continue in full force and effect for the benefit of the Optionor and the Optionee, as applicable. Such representations and warranties shall apply to all assignments, conveyances, transfers and documents delivered in connection with this Agreement, and there shall not be any merger of any representations and warranties in such assignments, conveyances, transfers or documents notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived. The Optionor and the Optionee shall have the right to waive any representation and warranty made by the other party in their favour without prejudice to any of their recourses with respect to any other breach by such party.

5. **CONDITIONS PRECEDENT**

5.1 The obligation of the Optionee to complete the purchase of the Property contemplated hereby is subject to the satisfaction of the following conditions precedent:

- (a) the Optionor's representations and warranties will be true and correct at the Closing Date;
- (b) the Optionee shall have had the right to conduct a due diligence review with respect to the Property and title thereto and shall be satisfied with same, in its sole discretion;
- (c) the Optionor shall have received all regulatory approvals or consents necessary to consummate the transactions set out herein including, without limitation, the sale of the Property to the Optionee;

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- (d) the Optionor will have performed and complied in all material respects with any obligations which they may have to the Optionee under this Agreement; and
- (e) no statute, rule, regulation, decree, ruling or injunction will have been enacted or entered into, and no litigation, proceeding, government inquiry or investigation will be pending, which challenges, prohibits or restricts, or seeks to prohibit or restrict, the consummation of the transactions contemplated by this Agreement.

5.2 The foregoing conditions precedent are inserted for the sole benefit of the Optionee and may be waived in whole or in part by the Optionee by notice in writing to the Optionor at any time prior to the Closing Date.

## 6. TERMINATION

6.1 At any time prior to the Closing Date, the Optionee, in its sole discretion, may terminate the Option by providing written notice to the Optionor. In the event of such termination, this Agreement shall also terminate, with the exception of those obligations of a party hereunder that expressly survive such termination, and each party shall cease to be liable to the other parties in debt, damages or otherwise, save for the performance of those obligations of which theretofore should have been performed or those obligations which survive the termination of the Option in accordance with this Agreement. For clarity, if the Option is terminated for any reason whatsoever the Optionor shall be entitled to retain the Deposit.

## 7. INDEMNIFICATION

7.1 Indemnification by the Optionor. The Optionor shall indemnify, defend and hold harmless the Optionee, its affiliates and their respective directors, officers, employees, agents and representatives from and against any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable legal fees (collectively, "Claims"), which may be made or brought against the Optionee or which the Optionee may suffer or incur as a result of, in respect of or arising out of any non-fulfillment of any covenant or agreement on the part of the Optionor under this Agreement or any incorrectness in or breach of any representation or warranty of the Optionor contained or incorporated by reference herein or in any other document furnished by the Optionor pursuant to or in relation hereto. This indemnification obligation shall survive the Closing Date and be subject to the requirement that the Optionor shall, in respect of any Claim made by any third party, be afforded an opportunity at its sole expense, to resist, defend and compromise the same in a timely manner.

7.2 Indemnification by the Optionee. Following the exercise of the Option, the Optionee shall indemnify, defend and hold harmless the Optionor from and against any Claim which may be made or brought against the Optionor or which the Optionor may suffer or incur as a result of any historic, existing or future operations or conditions on the Property, including without limitation any remediation obligations arising under any agreement or applicable law, including, and without limitation, any Environmental Law, the presence, condition, or release of any Hazardous Materials on the Property, or any violation of applicable law, including without limitation any Environmental Law. This indemnification obligation shall survive the Closing Date and be subject to the requirement that the Optionee shall, in respect of any Claim made by any third party, be afforded an opportunity at its sole expense to resist, defend and compromise the same in a timely manner.

## 8. NOTICES

8.1 Any notice or other writing required or permitted to be given hereunder or for the purposes hereof to either the Optionor or the Optionee shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by e-mail if confirmation of transmission to

the recipient is received, to their respective address on the first page of this Agreement, or as follows:

- (a) in the case of a notice to the Optionor, to [GBlanc@spi-ind.com](mailto:GBlanc@spi-ind.com)
- (b) in case of a notice to the Optionee, to [b\\_mossman@hotmail.com](mailto:b_mossman@hotmail.com);

or at such other address or addresses as the party to whom such writing is to be given shall have last notified the party or parties giving the same in the manner provided in this Section 8.1.

## 9. GENERAL

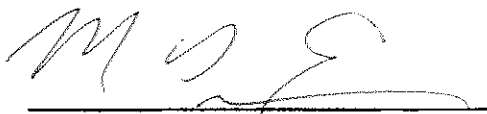
- 9.1 Alteration and Amendment. No alteration or amendment to this Agreement shall take effect unless it is in writing duly executed by the parties.
- 9.2 Time of the Essence. Time shall be of the essence of this Agreement.
- 9.3 Currency. All references to currency in this Agreement are to United States dollars unless expressly stated otherwise
- 9.4 Further Assurances. The parties covenant and agree to execute and deliver all such further documents, deeds, conveyances and instruments, and to do all such further acts and things as may be necessary or desirable to carry out the full intent and meaning of this Agreement.
- 9.5 Validity and Enforceability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision and any such invalid or unenforceable provision shall be deemed to be severable.
- 9.6 Waiver. No waiver of any provision of this Agreement shall be deemed to or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.
- 9.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of and between the parties relating to the Property and there are no representations, warranties, covenants or other agreements among the parties in connection with the subject matter hereof except as specifically set forth in this Agreement.
- 9.8 Assignment. No party may transfer all or part of its rights under this Agreement to a third party without the prior written consent of the other parties. Notwithstanding the foregoing, the Optionee may freely transfer all or part of its rights under this Agreement to a corporation controlled by the Optionee.
- 9.9 Independent Legal Advice. Optionor acknowledges that this Agreement has been prepared on behalf of the Optionee by legal counsel to the Optionee and acknowledges that such Optionor has had sufficient time to review this Agreement thoroughly, has read and understood the terms of this Agreement and has been given the opportunity to obtain independent legal advice concerning the interpretation and effect of this Agreement prior to its execution.
- 9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

- 9.11 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties, and except as otherwise provided or as would be inconsistent with the provisions of this Agreement, their respective heirs, executors, administrators, successors and assigns.
- 9.12 Counterparts. This Agreement may be executed in counterparts and delivered by electronic transmission, each of which so executed and delivered shall be deemed an original and all of which together shall constitute one instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

**SIERRA PACIFIC INDUSTRIES INC.**

**RISE GRASS VALLEY INC.**

Per:   
Name: M D Emmerson  
Title Chairman and CFO

Per:   
Name: Benjamin Mossman  
Title CEO

SCHEDULE "A"

## THE PROPERTY (SURFACE LAND)

Parcel Number	Description	Lot Size
06-441-34-000	PTN LOT 8 BET ACRES	16.01 AC
06-441-03-000	PTN NW ¼ OF 31-16-9	15.19 AC
06-441-04-000	PTN 31-16-9	0.85 AC
06-441-05-000	PTN W ½ OF 31-16-9	50.01 AC

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