

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, 2020

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

Commission File Number: 000-53848

**RISE GOLD CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation)

**30-0692325**

(IRS Employer Identification Number)

**650-669 Howe Street**

**Vancouver, British Columbia, Canada V6C 0B4**

(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)

**Securities registered pursuant to Section 12(b) of the Act:**

<b><u>Title of each class</u></b>	<b><u>Trading Symbol(s)</u></b>	<b><u>Name of exchange on which registered</u></b>
None	None	None

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 15, 2020, the registrant had 22,045,965 shares of common stock issued and outstanding.**

## **PART I - FINANCIAL INFORMATION**

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

The condensed consolidated interim financial statements of Rise Gold Corp. (“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 condensed consolidated interim 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, 2019.

**RISE GOLD CORP.**  
**(AN EXPLORATION STAGE COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**PERIOD ENDED JANUARY 31, 2020**

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**RISE GOLD CORP.**  
(An Exploration Stage Company)  
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS  
(Expressed in United States Dollars)  
(Unaudited)

AS AT	January 31, 2020	Recast (Note 2) July 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,626,571	\$ 214,158
Receivables	10,604	12,373
Prepaid expenses (Note 3)	142,274	188,696
Total current assets	1,779,449	415,227
<b>Non-current</b>		
Mineral property interests (Note 4)	4,149,053	4,149,053
Equipment (Note 5)	612,654	624,346
Total assets	\$ 6,541,156	\$ 5,188,626
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 231,299	\$ 468,601
Payable to related parties (Note 7)	20,000	129,638
Advance (Note 4)	25,000	101,339
Equipment loan (Note 5)	-	223,574
Total current liabilities	276,299	923,152
<b>Non-current</b>		
Loan payable (Note 8)	629,721	-
Warrant derivative (Note 9)	2,076,663	-
Total liabilities	2,982,683	923,152
<b>Stockholders' equity</b>		
Capital stock, \$0.001 par value, 40,000,000 shares authorized; 22,045,965 (July 31, 2019 – 17,463,321) shares issued and outstanding (Note 10)	22,046	17,463
Additional paid-in capital (Note 10)	19,977,760	16,801,864
Shares subscribed	-	186,025
Cumulative translation adjustment	96,449	84,715
Deficit	(16,537,782)	(12,824,593)
Total stockholders' equity	3,558,473	4,265,474
Total liabilities and stockholders' equity	\$ 6,541,156	\$ 5,188,626
<b>Nature and continuance of operations</b> (Note 1)		
<b>Contingency</b> (Note 6)		

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

**RISE GOLD CORP.**

(An Exploration Stage Company)

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

(Expressed in United States Dollars)

(Unaudited)

	Three months ended January 31, 2020	Three months ended January 31, 2019 Recast (Note 2)	Six months ended January 31, 2020	Six months ended January 31, 2019 Recast (Note 2)
<b>EXPENSES</b>				
Consulting	\$ 22,789	\$ 1,028	\$ 45,456	\$ 20,830
Directors' fees	25,344	15,294	44,500	30,302
Filing and regulatory	12,620	4,174	27,270	14,880
Accretion expense (Note 8)	47,222	-	47,222	-
Foreign exchange (gain) loss	(7,271)	34,845	39,502	3,037
General and administrative	191,985	162,924	244,922	208,582
Geological, mineral, and prospect costs (Note 4)	329,102	701,122	679,225	1,478,581
Interest expense (Note 5 and 8)	30,244	4,806	45,874	10,320
Professional fees	65,879	85,705	153,539	218,700
Promotion and shareholder communication	22,277	80,908	70,334	215,008
Share-based compensation (Note 10)	-	133,557	331,966	133,557
Salaries	38,640	35,474	77,225	70,013
<b>Loss before other items</b>	<b>\$ 778,831</b>	<b>\$ 1,259,837</b>	<b>\$ 1,807,035</b>	<b>\$ 2,403,810</b>
Loss on fair value adjustment on warrant derivative (Note 9)	332,484	-	2,076,663	-
Gain on settlement of equipment loan (Note 5)	(19,924)	-	(19,924)	-
Other income (Note 4)	(75,585)	-	(150,585)	-
<b>Net loss for the period</b>	<b>\$ 1,015,806</b>	<b>\$ 1,259,837</b>	<b>\$ 3,713,189</b>	<b>\$ 2,403,810</b>
Foreign exchange translation adjustment arising from change in functional currency	\$ -	\$ -	\$ (11,734)	\$ -
<b>Net comprehensive loss for the period</b>	<b>\$ 1,015,806</b>	<b>\$ 1,259,837</b>	<b>\$ 3,701,455</b>	<b>\$ 2,403,810</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.05)</b>	<b>\$ (0.10)</b>	<b>\$ (0.17)</b>	<b>\$ (0.20)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>22,045,965</b>	<b>12,116,461</b>	<b>21,572,757</b>	<b>12,116,461</b>

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

**RISE GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

(Expressed in United States Dollars)

(Unaudited)

		Recast (Note 2)	
FOR THE SIX MONTHS ENDED JANUARY 31,	2020	2019	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period	\$ (3,713,189)	\$	(2,403,810)
Items not involving cash			
Depreciation	11,692		10,765
Interest expense	42,441		-
Share-based payment	331,966		133,557
Accretion expense	32,222		-
Gain on settlement of equipment loan	(19,924)		-
Loss on fair value adjustment on warrant derivative	2,076,663		-
Unrealized loss on foreign exchange	10,024		(7,462)
Non-cash working capital item changes:			
Receivables	1,770		(7,737)
Prepaid expenses	46,421		173,205
Advances	(76,339)		-
Accounts payables and accrued liabilities	(247,801)		88,102
Related party payables	(99,137)		-
Net cash used in operating activities	<u>(1,603,191)</u>		<u>(2,013,380)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of equipment	-		(96,585)
Net cash used in investing activities	<u>-</u>		<u>(96,585)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Private placement, net of issuance costs	2,219,254		2,229,818
Loan	1,000,000		-
Repayment of equipment loan	(203,650)		(116,021)
Loan from related parties	-		(7,654)
Net cash provided by financing activities	<u>3,015,604</u>		<u>2,106,143</u>
<b>Change in cash for the period</b>	<b>1,412,413</b>		<b>(3,822)</b>
<b>Cash, beginning of period</b>	<b>214,158</b>		<b>53,481</b>
<b>Cash, end of period</b>	<b>\$ 1,626,571</b>	<b>\$</b>	<b>49,659</b>

Supplemental cash flow information (Note 11)

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

**RISE GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF STOCKHOLDERS' EQUITY**

(Expressed in United States Dollars)

(Unaudited)

	<u>Capital Stock</u>		<b>Additional Paid- in Capital</b>	<b>Subscription Receivable</b>	<b>Cumulative Translation Adjustment</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>					
Recast (Note 2)							
<b>Balance as at July 31, 2018</b>	11,610,598	\$ 11,611	\$ 12,601,183	\$ -	\$ (125,506)	\$ (8,462,693)	\$ 4,024,595
Shares issued for cash	2,238,438	2,238	1,651,037	-	-	-	1,653,275
Loss for the period	-	-	-	-	-	(1,143,973)	(1,143,973)
<b>Balance as at October 31, 2018</b>	13,849,036	\$ 13,849	\$ 14,252,220	\$ -	\$ (125,506)	\$ (9,606,666)	\$ 4,533,897
Shares issued for cash	750,000	750	571,944	-	-	-	572,694
Share-based compensation	-	-	133,557	-	-	-	133,557
Loss for the period	-	-	-	-	-	(1,259,837)	(1,259,837)
<b>Balance as at January 31, 2019</b>	14,599,036	\$ 14,599	\$ 14,957,721	\$ -	\$ (125,506)	\$ (10,866,503)	\$ 3,980,311
<b>Balance as at July 31, 2019</b>	17,463,321	\$ 17,463	\$ 16,801,864	\$ 186,025	\$ 84,715	\$ (12,824,593)	\$ 4,265,474
Shares issued for cash	4,582,644	4,583	2,398,988	(186,025)	-	-	2,217,546
Share-based compensation	-	-	331,966	-	-	-	331,966
Warrants issued for financing expense	-	-	444,942	-	-	-	444,942
Loss for the period	-	-	-	-	-	(2,697,383)	(2,697,383)
Other comprehensive income	-	-	-	-	11,734	-	11,734
<b>Balance as at October 31, 2019</b>	22,045,965	\$ 22,046	\$ 19,977,760	\$ -	\$ 96,449	\$ (15,521,976)	\$ 4,574,279
Loss for the period	-	-	-	-	-	(1,015,806)	(1,015,806)
<b>Balance as at January 31, 2020</b>	22,045,965	\$ 22,046	\$ 19,977,760	\$ -	\$ 96,449	\$ (16,537,782)	\$ 3,558,473

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



**RISE GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Rise Gold Corp. (the “Company”) was originally incorporated as Atlantic Resources Inc. in the State of Nevada on February 9, 2007 and is in the exploration stage. On April 11, 2012, the Company merged its wholly-owned subsidiary, Patriot Minefinders Inc., a Nevada corporation, in and to the Company to effect a name change to Patriot Minefinders Inc. On January 14, 2015, the Company completed a name change to Rise Resources Inc. in the same manner. On April 7, 2017, the Company changed its name to Rise Gold Corp. These mergers were carried out solely for the purpose of effecting these changes of names.

On December 16, 2019, the Company completed a share consolidation of the authorized and outstanding capital stock on the basis of 10 pre-consolidation common stocks for one new post-consolidated common stock. All current and comparative references to the number of common stocks, stock options, warrants and loss per share reflect this share consolidation.

On February 16, 2015, the Company increased its authorized capital from 2,100,000 shares to 40,000,000 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. On November 28, 2017, the Company ceased trading on the OTC Pink Market and began trading on the OTCQB Venture Market.

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 \$3,713,189 for the six-month period ended January 31, 2020 and has accumulated a deficit of \$16,537,782. The ability of the Company to continue as a going concern is dependent on the Company’s ability to maintain continued support from its shareholders and creditors and to raise additional capital and implement its business plan. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. However, management believes that the Company has sufficient working capital to meet its projected minimum financial obligations for the next fiscal year. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At January 31, 2020, the Company had working capital of \$1,503,150.

**RISE GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

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**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, 2019. 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. The operating results for the six months ended January 31, 2020 are not necessarily indicative of the results that may be expected for the year ended July 31, 2020.

**Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Rise Grass Valley Inc. All significant intercompany accounts and transactions have been eliminated on consolidation.

*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. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

**Foreign Currency Translation**

The Company changed its functional currency from Canadian Dollars to United States Dollars as at August 1, 2019. The change in functional currency from Canadian dollars to United States dollars is accounted for prospectively from August 1, 2019. Management determined that the Company’s functional currency had changed based on the assessment related to significant changes of the Company’s economic facts and circumstances. These significant changes included the fact that the Company’s equity and debt financings as well as the majority of the Company’s expenses are now primarily denominated in US dollars. Moreover, the Company’s place of business and management are now located in the United States.

Foreign denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Expenses and other income are translated at average rates of exchange during the period. Related translation adjustments are reported as a separate component of stockholders’ equity (deficiency), whereas gains or losses resulting from foreign currency transactions are included in the results of operations.

**RISE GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

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**2. BASIS OF PREPARATION (continued)****Presentation Currency Change**

The Company changed its presentation currency from Canadian Dollars to United States Dollars from October 31, 2019, with retrospective application on comparative figures. The change was made to reflect the change in functional currency to United States Dollars for the same period.

Comparative figures in the consolidated statement of financial position have been translated into the presentation currency at the rate of exchange prevailing at the reporting date. Comparative balances of loss and comprehensive loss and cash flows have been translated into US dollars using average exchange rates for the comparative reporting period. Components of equity have been translated at the exchange rates prevailing at the dates of the relevant transactions. The exchange rate differences arising on translation are taken to accumulated other comprehensive income. The cumulative impact of the change in reporting currency was a gain of \$210,221 in accumulated other comprehensive income as at August 1, 2019.

**Derivatives**

Derivatives are initially recognized at the fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each balance sheet date with changes in fair value recognized in profit or loss. As the exercise price of the Company's warrants are in Canadian Dollars, and the functional currency of the Company is the United States Dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received upon exercise.

**Recently Adopted and Recently Issued Accounting Standards**

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's adoption of this standard did not have an impact on its consolidated financial statements.

On February 25, 2016, the FASB issued ASU No. 2016-02, "Leases". This ASU applies to public companies beginning January 1, 2019 and affects the requirement that lessees account for all leases – both operating and finance – on the balance sheet while recognizing both an asset for the right to use the leased asset and an obligation to make lease payments over the lease term. The Company assessed its leases and determined that it did not have any leases extending over the period of 12 month which resulted in the standard not having any significant impact on its consolidated financial statements.

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.

**RISE GOLD CORP.**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

**2. BASIS OF PREPARATION (continued)****Use of Estimates**

The preparation of these 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. Significant areas requiring the use of estimates include the carrying value and recoverability of mineral properties and the recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences. Actual results could differ from those estimates and would impact future results of operations and cash flows.

**3. PREPAID EXPENSES**

	<b>January 31, 2020</b>	<b>July 31, 2019</b>
		<b>Recast (Note 2)</b>
Promotion and shareholder communication	\$ 9,995	\$ 39,600
Rent	-	6,649
Insurance	23,673	33,538
Deposits	108,228	108,531
Other	378	378
	<b>\$ 142,274</b>	<b>\$ 188,696</b>

**RISE GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

**4. MINERAL PROPERTY INTERESTS**

The Company's mineral properties balance consists of:

Recast (Note 2)	Idaho-Maryland, California
Balance, July 31, 2018, July 31, 2019 and January 31, 2020	\$ 4,149,053

**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, 2020, the Company holds title to the Idaho-Maryland Gold Mine Property.

As of January 31, 2020, based on management's review of the carrying value of mineral rights, management determined that there is no evidence that the cost of these acquired mineral rights will not be fully recovered and accordingly, the Company determined that no adjustment to the carrying value of mineral rights was required. As of the date of these consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and has incurred only acquisition and exploration costs.

**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 was required to pay \$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 \$25,000, which would be credited against the purchase price of \$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 \$25,000, which would be credited against the purchase price of \$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 April 30, 2017. On January 25, 2017, the Company exercised the option by paying \$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 \$140,000 equal to 7 per cent of the purchase price of \$2,000,000; the commission was settled on January 25, 2017 through the issuance of 92,000 units valued at C\$2.00 per unit. 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 C\$4.00 for a period of two years from the date of issuance. The Company also incurred additional transaction costs of \$109,053, which have been included in the carrying value of the Idaho-Maryland Gold Mine.

**RISE GOLD CORP.**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

**4. MINERAL PROPERTY INTERESTS (continued)****Idaho-Maryland Gold Mine Property, California (continued)**

On January 6, 2017, the Company entered into an option agreement with Sierra Pacific Industries Inc. (“Sierra”) 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 was required to pay \$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 \$100,000, which was credited against the purchase price of \$1,900,000 upon exercise of the option. On April 3, 2017, the Company negotiated an extension of the closing date of the option agreement to June 30, 2017, in return for a cash payment of \$200,000, at which time a payment of \$1,600,000 was due in order to exercise the option. On June 7, 2017, the Company negotiated an extension of the closing date of the option agreement to September 30, 2017, in return for a cash payment of \$300,000, at which time a payment of \$1,300,000 was due in order to exercise the option.

On May 14, 2018, the Company completed the purchase of the surface rights totalling approximately 82 acres by making final payments totalling \$1,300,000.

On June 13, 2019, the Company received \$150,000 from a third party as a prepayment to use the Company’s property for a period of six months. On December 13, 2019, the third party paid an additional \$75,000 to continue using the Company’s property for another three months. As at January 31, 2020, \$200,000 has been recognized as other income (\$150,000 during the six months ended January 31, 2020 and \$50,000 during the year ended July 31, 2019) with the balance of \$25,000 (July 31, 2019 - \$101,339) remaining as an advance.

As at January 31, 2020, the Company has incurred cumulative exploration expenditures of \$5,429,836 on the Idaho-Maryland Gold Mine property as follows:

	Six months ended January 31, 2020	Year ended July 31, 2019 Recast (Note 2)
Idaho-Maryland Gold Mine expenditures:		
Opening balance	\$ 4,750,611	\$ 1,901,276
Consulting	568,428	536,217
Engineering	29,919	-
Exploration	(81,066)	1,650,633
Rent	29,685	93,832
Supplies	3,049	151,564
Sampling	102,639	237,162
Logistics	14,879	161,198
Depreciation	11,692	18,730
Total expenditures for the period	679,225	2,849,335
Closing balance	\$ 5,429,836	\$ 4,750,611

**RISE GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

**5. EQUIPMENT AND EQUIPMENT LOAN**

<b>Cost</b>	<b>Drilling equipment</b>
At July 31, 2018 (Recast - Note 2)	\$ 550,052
Purchases	94,795
At July 31, 2019 (Recast - Note 2)	\$ 644,847
At January 31, 2020	\$ 644,847
<b>Accumulated depreciation</b>	
At July 31, 2018 (Recast - Note 2)	\$ 1,772
Depreciation	18,729
At July 31, 2019 (Recast - Note 2)	\$ 20,501
Depreciation	11,692
At January 31, 2020	\$ 32,193
<b>Total carrying value, July 31, 2019 (Recast - Note 2)</b>	<b>\$ 624,346</b>
<b>Total carrying value, January 31, 2020</b>	<b>\$ 612,654</b>

During the year ended July 31, 2018, the Company recorded an equipment loan of \$495,481 in connection with two diamond core drilling rigs purchased. The Company paid \$332,327 including \$23,942 of interest towards this loan as of November 26, 2019.

Pursuant to an agreement with the lender, the Company completed the purchase of the drilling equipment by making a lump sum payment of \$143,230 which was due on or before December 1, 2019. Early settlement of the equipment loan resulted in a gain on settlement of equipment loan of \$19,924.

**RISE GOLD CORP.**

(An Exploration Stage Company)

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FOR THE PERIOD ENDED JANUARY 31, 2020

(Expressed in United States Dollars)

(Unaudited)

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**6. 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.

**7. RELATED PARTY TRANSACTIONS**

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

- a) Salaries of \$67,500 (2019 - \$67,500) to the CEO of the Company.
- b) Directors fees of \$44,500 (2019 - \$30,302) to directors of the Company. As at January 31, 2020, \$20,000 of these director fees is included in payables to related parties. As at July 31, 2019, the Company owed \$129,638 to related parties.
- c) During the period ended January 31, 2020, the Company paid \$68,187 (2019 - \$20,830) in professional and consulting fees to a company controlled by a director of the Company.
- d) Share-based compensation of \$326,393 (2019 - \$133,557) for options granted during the period ended January 31, 2020.
- e) Consulting fees of \$Nil (2019 - \$15,391) to the former CFO of the Company.



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**8. LOAN PAYABLE**

On September 3, 2019, the Company completed a debt financing for \$1,000,000. This loan has a term of 4 years and an interest rate of 10% compounded monthly for the first two years increasing to 20% in year 3 and to 25% in year 4. Interest will accrue and be paid along with the principal upon the maturity date. The lender received 1,150,000 bonus share purchase warrants as additional consideration for advancing the loan. The fair value of these warrants was determined to be \$444,942 which was netted against the loan payable balance along with \$15,000 paid to the lender for a total of \$459,942 in other issuance costs. Each warrant entitles the holder to acquire one share of common stock at an exercise price of \$0.80 (C\$1.00) for a period of three years from the date of issuance. This loan may be repaid prior to the maturity date, in whole or in part, provided that all accrued interest is paid. In addition, if total interest payments are less than \$200,000, the difference will be paid to the Lender as prepayment compensation. The Loan is secured against the assets of the Company and its subsidiary. As at January 20, 2020, the balance of this loan including accrued interest of \$42,441 is \$629,721.

	<b>Loan Payable</b>	
<b>Balance, July 31, 2019</b>	<b>\$</b>	<b>-</b>
Proceeds		1,000,000
Issuance costs		(459,942)
Interest expense		42,441
Accretion expense		47,222
<b>Balance, January 31, 2020</b>	<b>\$</b>	<b>629,721</b>

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**9. WARRANT DERIVATIVE**

The exercise price of the Company's share purchase warrants is fixed in Canadian dollars and the functional currency of the Company is the USD. These warrants are considered to be a derivative as a variable amount of cash in the Company's functional currency will be received on exercise of the warrants. Accordingly, the share purchase warrants issued as part of past financings, are classified and accounted for as warrant derivative.

Share purchase warrants with a compensatory nature are not included in this calculation.

The following table shows a continuity of the Company's fair value of warrant derivative:

	<b>Warrant derivative</b>	<b>Number of warrants accounted for as derivative liability</b>
<b>Balance, August 1, 2019</b>	\$ 1,604,768	8,049,428
Addition	859,103	2,291,322
Expiry	(9,010)	(1,362,748)
Fair value adjustment	(378,198)	-
<b>Balance, January 31, 2020</b>	<b>\$ 2,076,663</b>	<b>8,978,002</b>

As the initial recognition as well as the revaluation of these warrants both took place within the six-month period ended January 31, 2020, the Company recorded a loss on fair value adjustment on warrant derivative of \$2,076,663 during the period (January 31, 2019 - \$Nil).

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of warrants as at January 31, 2020 and August 1, 2019:

	January 31, 2020	August 1, 2019
Risk-free interest rate	1.52%	1.52%
Expected life of warrants	0.16 to 2.80 years	0.16 to 2.93 years
Expected annualized volatility	88.7% to 121.0%	115.6% to 127.5%
Dividend	Nil	Nil
Forfeiture rate	0%	0%

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**10. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL****Private Placements**

On August 30, 2018, the Company completed a first tranche of a non-brokered private placement, issuing an aggregate of 288,125 units at a price of \$0.60 (C\$0.80) per unit for gross proceeds of \$177,580 (C\$230,500). Each unit consists of one share of common stock and one share purchase warrant exercisable into one share of common stock at a price of \$0.90 (C\$1.20) for a period of three years from the date of issuance until August 30, 2021.

On September 17, 2018, the Company completed a second tranche of a non-brokered private placement, issuing an aggregate of 200,313 units at a price of \$0.60 (C\$0.80) per unit for gross proceeds of \$123,089 (C\$160,250). Each unit consists of one share of common stock and one share purchase warrant exercisable into one share of common stock at a price of \$0.90 (C\$1.20) for a period of three years from the date of issuance until September 17, 2021.

On October 16, 2018, the Company completed a strategic initial investment in a financing of \$1,352,605 (C\$1,750,000) by issuing 1,750,000 units to Meridian Jerritt Canyon Corp. (“Meridian”), a wholly owned subsidiary of Yamana Gold Inc. (“Yamana”). Each unit issued at a price of \$0.80 (C\$1.00) consists of one share of common stock and one-half of one share purchase warrant where each whole warrant is exercisable into one common stock at a price of \$1.00 (C\$1.30) until October 16, 2020. As a result of the investment, the investor owned approximately 12.6% of the Company’s issued and outstanding shares on a non-diluted basis. In conjunction with the investment, the Company issued 87,500 share purchase warrants valued at \$37,630 (discount rate – 1.65%, volatility – 139.09%, expected life – 2 years, dividend yield – 0%) as a finder’s fee to Southern Arc Minerals Inc. (“Southern Arc”), which will be exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until October 16, 2020.

On November 5, 2018, the Company raised \$572,694 (C\$750,000) through the sale of 750,000 units at \$0.80 (C\$1.00) per unit where each unit consists of one share of common stock and one half of one share purchase warrant where each whole warrant is exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until November 5, 2020. All 750,000 units issued in the final tranche were acquired by Southern Arc.

On March 1, 2019, the Company completed a non-brokered private placement for a total of \$1,378,184 (C\$1,827,472) through the sale of 1,827,472 units at a price of \$0.80 (C\$1.00) per unit where each unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant is exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until March 1, 2021. Out of the 1,827,472 units issued as part of this private placement, 1,004,972 units were issued to Meridian to settle a convertible debt balance of \$757,897 (C\$1,004,972). In connection with the private placement, the Company incurred finders’ fees and share issuance costs of \$80,919 (C\$107,299), and issued a total of 19,950 finders’ warrants valued at \$8,371 (C\$11,100) (discount rate – 1.65%, volatility – 139.09%, expected life – 2 years, dividend yield – 0%), exercisable into one share of common stock at a price of \$1.00 (C\$1.30) for a period of two years from the date of issuance.

On July 3, 2019, the Company completed the first tranche of a non-brokered private placement. The Company raised a total of \$552,000 (C\$725,769) through the sale of 1,036,813 units at a price of \$0.50 (C\$0.70) per unit where each unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share at an exercise price of \$0.80 (C\$1.00) until July 3, 2022.

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**10. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL (continued)****Private Placements (continued)**

On August 19, 2019, the Company completed the second tranche of a non-brokered private placement for a total of \$2,412,281 (C\$3,207,850) through the sale of 4,582,644 units at a price of \$0.53 (C\$0.70) per unit where each unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant is exercisable into one share of common stock at a price of \$0.80 (C\$1.00) until August 19, 2022. The Company has paid finders' fees and associated legal fees of \$8,710 and issued a total of 11,196 finder's warrants with a value of \$4,990 entitling the holder to acquire one share at a price of \$0.80 (C\$1.00) until August 19, 2022. The following weighted average assumptions were used for the Black-Scholes pricing model valuation of these warrants: Risk-free interest rate – 1.52%; expected volatility – 123.27%; share price of C\$0.85 and strike price - C\$1.00; expected life of warrants – 3 years.

**Stock Options**

On November 30, 2018, the Company granted 290,000 stock options with a fair value of \$133,557 to employees and directors of the Company. The options are exercisable at \$0.80 (C\$1.00) per share for a period of five years and expire on November 29, 2023.

On August 21, 2019, the Company granted 751,284 stock options to employees and directors of the Company pursuant to the terms of the Company's Stock Option Plan. The options are exercisable at \$0.50 (C\$0.70) per share for a period of five years and expire on August 21, 2024. During the period ended January 31, 2020, the Company recorded \$331,966 in share-based compensation (January 31, 2019- \$133,557).

The following incentive stock options were outstanding and exercisable at January 31, 2020:

Number of Options	Weighted Average Exercise Price (\$C)	Expiry Date
110,000	\$ 1.50	March 22, 2021
58,660	2.00	August 8, 2021
214,254	2.40	December 27, 2021
90,000	2.80	April 20, 2020
613,100	1.20	April 19, 2023
280,000	1.00	November 30, 2023
751,284	0.70	August 21, 2024
<u>2,117,298</u>	<u>\$ 1.22</u>	

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**10. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL (continued)****Stock Options (continued)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price (\$C)	Aggregate Intrinsic Value
Balance outstanding and exercisable, July 31, 2018	1,161,014	\$ 1.70	\$ Nil
Options granted	290,000	1.00	Nil
Balance outstanding and exercisable, July 31, 2019	1,451,014	1.54	Nil
Options granted	751,284	0.70	Nil
Options expired	(85,000)	2.06	Nil
Balance outstanding and exercisable, January 31, 2020	2,117,298	\$ 1.22	\$ Nil

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of stock options issued during the period ended January 31, 2020 and year ended July 31, 2019:

	January 31, 2020	July 31, 2019
Risk-free interest rate	1.52%	2.12%
Expected life of stock options	5.0 years	5.0 years
Expected annualized volatility	123.27%	136.38%
Dividend	Nil	Nil
Forfeiture rate	0%	0%

**Warrants**

The following warrants were outstanding at January 31, 2020:

Number of Warrants	Weighted Average Exercise Price (\$C)	Expiry Date
2,100	\$ 1.50	April 18, 2020
3,516,100	1.50	April 18, 2021
288,125	1.20	August 30, 2021
200,313	1.20	September 17, 2021
962,500	1.30	October 16, 2020
375,000	1.30	November 5, 2020
933,686	1.30	March 1, 2021
518,407	1.00	July 3, 2022
2,302,518	1.00	August 19, 2022
1,150,000	1.00	September 3, 2022
<u>10,248,749</u>	<u>\$ 1.25</u>	

During the period ended January 31, 2020, a total of 1,400,293 warrants with a weighted average exercise price of C\$2.50 expired unexercised.

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**10. CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL (continued)****Warrants (continued)**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$C)
Balance, July 31, 2018	8,394,882	\$ 2.70
Warrants issued	3,278,030	1.2
Warrants expired	(3,476,388)	4.00
Balance, July 31, 2019	8,196,524	\$1.57
Warrants issued	3,452,518	1.00
Warrants expired	(1,400,293)	(2.50)
Balance, January 31, 2020	10,248,749	\$ 1.25

**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.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the six-month periods ended January 31, 2020 and 2019, the Company had the following non-cash financing and investing activities:

For the six-month period ended January 31, 2020:

- a) The Company issued a total of 11,196 finder's warrants entitling the holder to acquire one share at a price of \$1.00 until August 19, 2022 with a fair value of \$4,990. The following weighted average assumptions were used for the Black-Scholes pricing model valuation of these warrants: Risk-free interest rate – 1.52%; expected volatility – 123.27%; share price of C\$0.85 and strike price - C\$1.00; expected life of warrants – 3 years.

For the six-month period ended January 31, 2019:

- b) The Company issued 87,500 share purchase warrants valued at \$37,630 (discount rate – 1.65%, volatility – 139.09%, expected life – 2 years, dividend yield – 0%) as a finder's fee to Southern Arc which will be exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until October 16, 2020.

**12. SEGMENTED INFORMATION**

A reporting segment is defined as a component of the Company that:

- Engages in business activities from which it may earn revenues and incur expenses;
- Operating results are reviewed regularly by the entity's chief operating decision maker; and
- Discrete financial information is available

The Company has determined that it operates its business in one geographical segment located in California, United States, where all of its equipment and mineral property interests are located.

## **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**

Our Company was incorporated on February 9, 2007 as Atlantic Resources Inc. in the state of Nevada pursuant to the Nevada Revised Statutes. On April 11, 2012, we changed our name to Patriot Minefinders Inc. On January 14, 2015, we changed our name to Rise Resources Inc. On April 7, 2017, we changed our name to Rise Gold Corp.

On December 16, 2019, the Company completed a share consolidation of the authorized and outstanding capital stock on the basis of 10 pre-consolidation common stocks for one new post-consolidated common stock. All current and comparative references to the number of common stocks, stock options, warrants and loss per share reflect this share consolidation.

On January 14, 2015, we completed a merger with our wholly owned subsidiary, Rise Resources Inc., and formally assumed the subsidiary's name by filing Articles of Merger with the Nevada Secretary of State. The subsidiary was incorporated entirely for the purpose of effecting the name change and the merger did not affect our Articles of Incorporation or corporate structure in any other way.

On January 22, 2015, we completed a 1 for 80 reverse split of our common stock and effected a corresponding decrease in our authorized capital by filing a Certificate of Change with the Nevada Secretary of State (the "Reverse Split"). As a result of the Reverse Split, our authorized capital decreased from 168,000,000 shares to 2,100,000 and our issued and outstanding common stock decreased from 6,340,000 shares to 79,252, with each fractional share being rounded up to the nearest whole share.

Both the name change and Reverse Split became effective in the market at the open of business on February 9, 2015.

On April 9, 2015, we increased our authorized capital from 2,100,000 to 40,000,000 shares of common stock.

On March 29, 2017, we completed another merger with our wholly owned subsidiary, Rise Gold Corp., and formally assumed the subsidiary's name by filing Articles of Merger with the Nevada Secretary of State. The subsidiary was incorporated entirely for the purpose of effecting the name change and the merger did not affect our Articles of Incorporation or corporate structure in any other way.

We currently have one wholly owned subsidiary, Rise Grass Valley, Inc., which holds certain of our interests and assets located in the United States, and in particular, our interest in the I-M Mine Property. Rise Grass Valley, Inc. was incorporated in the state of Nevada pursuant to the Nevada Revised Statutes.

Our common stock is currently listed in Canada on the Canadian Securities Exchange (the “CSE”) under the symbol “RISE”. We are a reporting issuer in British Columbia, Alberta, and Ontario in Canada. Our common stock is also currently traded in the United States on the OTCQB Venture Market under the symbol “RYES”. We are an SEC reporting company by virtue of our class of common stock being registered under Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

## **Business Development**

Developments in our Company’s business during the July 31, 2019 fiscal year and the six month period ended January 31, 2020 include the following:

On August 30, 2018, the Company completed a first tranche of a non-brokered private placement, issuing an aggregate of 288,125 units at a price of \$0.60 (C\$0.80) per unit for gross proceeds of \$177,580 (C\$230,500). Each unit consists of one share of common stock and one share purchase warrant exercisable into one share of common stock at a price of \$0.90 (C\$1.20) for a period of three years from the date of issuance until August 30, 2021.

On September 17, 2018, the Company completed a second tranche of a non-brokered private placement, issuing an aggregate of 200,313 units at a price of \$0.60 (C\$0.80) per unit for gross proceeds of \$123,089 (C\$160,250). Each unit consists of one share of common stock and one share purchase warrant exercisable into one share of common stock at a price of \$0.90 (C\$1.20) for a period of three years from the date of issuance until September 17, 2021.

On October 16, 2018, the Company completed a strategic initial investment in a financing of \$1,352,605 (C\$1,750,000) by issuing 1,750,000 units to Meridian Jerritt Canyon Corp. (“Meridian”), a wholly owned subsidiary of Yamana Gold Inc. (“Yamana”). Each unit issued at a price of \$0.80 (C\$1.00) consists of one share of common stock and one-half of one share purchase warrant where each whole warrant is exercisable into one common stock at a price of \$1.00 (C\$1.30) until October 16, 2020. As a result of the investment, the investor owned approximately 12.6% of the Company’s issued and outstanding shares on a non-diluted basis. In conjunction with the investment, the Company issued 87,500 share purchase warrants valued at \$37,630 (discount rate – 1.65%, volatility – 139.09%, expected life – 2 years, dividend yield – 0%) as a finder’s fee to Southern Arc Minerals Inc. (“Southern Arc”), which will be exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until October 16, 2020.

On November 5, 2018, the Company raised \$572,694 (C\$750,000) through the sale of 750,000 units at \$0.80 (C\$1.00) per unit where each unit consists of one share of common stock and one half of one share purchase warrant where each whole warrant is exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until November 5, 2020. All 750,000 units issued in the final tranche were acquired by Southern Arc.

On March 1, 2019, the Company completed a non-brokered private placement for a total of \$1,378,184 (C\$1,827,472) through the sale of 1,827,472 units at a price of \$0.80 (C\$1.00) per unit where each unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant is exercisable into one share of common stock at a price of \$1.00 (C\$1.30) until March 1, 2021. Out of the 1,827,472 units issued as part of this private placement, 1,004,972 units were issued to Meridian to settle a convertible debt balance of \$757,897 (C\$1,004,972). In connection with the private placement, the Company incurred finders’ fees and share issuance costs of \$80,919 (C\$107,299), and issued a total of 19,950 finders’ warrants valued at \$8,371 (C\$11,100) (discount rate – 1.65%, volatility – 139.09%, expected life – 2 years, dividend yield – 0%), exercisable into one share of common stock at a price of \$1.00 (C\$1.30) for a period of two years from the date of issuance.

On July 3, 2019, the Company completed the first tranche of a non-brokered private placement. The Company raised a total of \$552,000 (C\$725,769) through the sale of 1,036,813 units at a price of \$0.50 (C\$0.70) per unit where each unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share at an exercise price of \$0.80 (C\$1.00) until July 3, 2022.



On August 19, 2019, the Company completed the second tranche of a non-brokered private placement for a total of \$2,412,281 (C\$3,207,850) through the sale of 4,582,644 units at a price of \$0.53 (C\$0.70) per unit where each unit consists of one share of common stock and one-half of one share purchase warrant. Each whole warrant is exercisable into one share of common stock at a price of \$0.80 (C\$1.00) until August 19, 2022. The Company has paid finders' fees and associated legal fees of \$8,710 and issued a total of 11,196 finder's warrants with a value of \$4,990 entitling the holder to acquire one share at a price of \$0.80 (C\$1.00) until August 19, 2022. The following weighted average assumptions were used for the Black-Scholes pricing model valuation of these warrants: Risk-free interest rate – 1.52%; expected volatility – 123.27%; share price of C\$0.85 and strike price - C\$1.00; expected life of warrants – 3 years.

### **Plan of Operations**

As at January 31, 2020, the Company had a cash balance of \$1,626,571, compared to a cash balance of \$214,158 as of July 31, 2019.

Our plan of operations for the next 12 months is to continue the Use Permit process in Nevada County California, to re-open the Idaho-Maryland gold mine at the I-M Mine Property.

The Company submitted the application for a Use Permit to Nevada County on November 21st 2019 and the timeline from application to land use approval is expected to range from 12-18 months from the application date. The Company's current estimate of approval therefore ranges between the dates November 21st 2020 – May 21st 2021.

The Company has continues engineering work to support an application for a Use Permit from Nevada County to allow the following activities:

1. Dewatering of the underground mine workings.
2. Underground exploration drilling.
3. Full commercial mining with onsite mineral processing at the historic throughput of 1,000 tons per day the Company has completed an exploration drilling program on the I-M Mine Property in June of 2019.

Up to January 31, 2020, the Company has completed seventeen drill holes totaling approximately 20,584 meters.

### **Project Design**

The Use Permit application proposes underground mining to recommence at an average throughput of 1,000 tons per day. The existing Brunswick Shaft, which extends to ~3400 feet depth below surface, would be used as the primary rock conveyance from the IM Mine. A second service shaft would be constructed by raising from underground to provide for the conveyance of personnel, materials, and equipment. Gold processing would be done by gravity and flotation to produce gravity and flotation gold concentrates. Processing equipment and operations would be fully enclosed in attractive modern buildings and numerous mature trees located on the perimeter of the Brunswick site would be retained to provide visual shielding of aboveground project facilities and operations.

The Company would produce barren rock from underground tunneling and sand tailings as part of the project which would be used for creation of approximately 58 acres of level and useable industrial zoned land for future economic development in Nevada County.

A water treatment plant and pond, using conventional processes, would ensure that groundwater pumped from the mine is treated to regulatory standards before being discharged to the local waterways.

Detailed studies by professionals in the fields of civil and electrical engineering, biology, hydrology, cultural resources, traffic, air quality, human health, vibration, and sound have guided the design of the project.

Approximately 300 employees would be required if the mine reaches full production.

## **Nevada County Use Permit**

The application and permitting process are being managed by Benchmark Resources, a California based planning and environmental consulting firm with substantial experience in the permitting of mining projects. Benchmark's track record of success has resulted in the development of numerous environmentally sensitive and socially accepted mining projects across the state.

The IM Mine Property is 100% owned by the Company and located on private land in Nevada County, California. As a result, the Project is subject to the Nevada County Land Use and Development Code. Subsurface mining and aboveground processing are allowed uses subject to County approval of a Use Permit. The Company will also be required to obtain approval of a Reclamation Plan, variance, and rezone from the County for any surface component of the underground mining operation before mining operations can commence.

In order to approve the requested entitlements, the County must satisfy the requirements of the California Environmental Quality Act ("CEQA"). CEQA requires that the County study the environmental impacts of any discretionary action, disclose the impacts to the public, and mitigate unavoidable impacts to the extent feasible. CEQA is triggered whenever a California governmental agency is asked to approve a discretionary project. The project application will require an Environmental Impact Report ("EIR").

A general outline of milestones in the process to approval of the permit is outlined as follows;

- 1) County reviews application and hires a 3rd party environmental consultant;
- 2) County's consultant prepares a Draft EIR;
- 3) Draft EIR is published for public comments;
- 4) County's consultant publishes a Final EIR including responses to comments; and
- 5) County decisionmakers review the Final EIR and consider approval of the Use Permit and Reclamation Plan at a public hearing.

The timeline from application to land use approval is expected to range from 12-18 months from the application date of November 21<sup>st</sup> 2019. Construction and operational permits would follow as needed.

The Company believes its drilling program has been successful but cautions investors no current mineral resources or mineral reserves have been defined. The Company's submission of an application for a Use Permit from Nevada County requires information regarding planned throughput and material quantities. The Company cautions investors that no technical report has been filed to support that this rate of production can be achieved. The Company has not completed a feasibility study to establish mineral reserves and therefore has not demonstrated economic viability of the IM Mine. The Company has not made a production decision for the IM Mine.

## Results of Operations

For the Periods Ended January 31, 2020 and 2019

The Company's operating results for the periods ended January 31, 2020 and 2019 are summarized as follows:

	Three months ended January 31, 2020	Three months ended January 31, 2019 Recast (Note 2)	Six months ended January 31, 2020	Six months ended January 31, 2019 Recast (Note 2)
<b>EXPENSES</b>				
Consulting	\$ 22,789	\$ 1,028	\$ 45,456	\$ 20,830
Directors' fees	25,344	15,294	44,500	30,302
Filing and regulatory	12,620	4,174	27,270	14,880
Accretion expense	47,222	-	47,222	-
Foreign exchange (gain) loss	(7,271)	34,845	39,502	3,037
General and administrative	191,985	162,924	244,922	208,582
Geological, mineral, and prospect costs	329,102	701,122	679,225	1,478,581
Interest expense	30,244	4,806	45,874	10,320
Professional fees	65,879	85,705	153,539	218,700
Promotion and shareholder communication	22,277	80,908	70,334	215,008
Share-based compensation	-	133,557	331,966	133,557
Salaries	38,640	35,474	77,225	70,013
<b>Loss before other items</b>	<b>\$ 778,831</b>	<b>\$ 1,259,837</b>	<b>\$ 1,807,035</b>	<b>\$ 2,403,810</b>
Loss on fair value adjustment on warrant derivative	332,484	-	2,076,663	-
Gain on settlement of equipment loan	(19,924)	-	(19,924)	-
Other income	(75,585)	-	(150,585)	-
<b>Net loss for the period</b>	<b>\$ 1,015,806</b>	<b>\$ 1,259,837</b>	<b>\$ 3,713,189</b>	<b>\$ 2,403,810</b>
Foreign exchange translation adjustment arising from change in functional currency	\$ -	\$ -	\$ (11,734)	\$ -
<b>Net comprehensive loss for the period</b>	<b>\$ 1,015,806</b>	<b>\$ 1,259,837</b>	<b>\$ 3,701,455</b>	<b>\$ 2,403,810</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.05)</b>	<b>\$ (0.10)</b>	<b>\$ (0.17)</b>	<b>\$ (0.20)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>22,045,965</b>	<b>12,116,461</b>	<b>21,572,757</b>	<b>12,116,461</b>

## Liquidity and Capital Resources

### Working Capital

	At January 31, 2020	At July 31, 2019	At July 31, 2018
Current Assets	\$ 1,779,449	\$ 415,227	\$ 475,851
Current Liabilities	\$ 276,299	\$ 923,152	\$ 672,903
Working Capital	\$ 1,503,150	\$ (507,925)	\$ (197,052)

## Cash Flows

	For the six month period ended January 31, 2020	For the six month period ended January 31, 2019
Net Cash used in Operating Activities	\$ (1,603,191)	\$ (2,013,380)
Net Cash used in Investing Activities	\$ -	\$ (96,585)
Net Cash provided by Financing Activities	\$ 3,015,604	\$ 2,106,143
Net Increase (decrease) in Cash During the Period	\$ 1,412,413	\$ (3,822)

As of January 31, 2020, the Company had \$1,626,571 in cash, \$1,779,449 in current assets, \$6,541,156 in total assets, \$276,299 in current liabilities and \$2,706,384 in non-current liabilities, a working capital of \$1,503,150 and an accumulated deficit of \$16,537,782.

During the six-month period ended January 31, 2020, the Company used \$1,603,191 (2019 - \$2,013,379) in net cash on operating activities. The difference in net cash used in operating activities during the two periods was largely due to the lower level of drilling and exploration activities during the period ended January 31, 2020.

The Company had no investing activities during the six-month periods ending January 31, 2020 (January 31, 2019 - \$96,585 used to purchase equipment).

The Company received net cash of \$3,015,604 (2019 – \$2,106,142) from financing activities during the six-month period ended January 31, 2020.

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 Idaho-Maryland 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.**

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.

As of the end of the period covered by this Report, management of the Company carried out an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on this evaluation, management concluded that the Company’s disclosure controls and procedures were not effective as of January 31, 2020 because a material weakness in internal control over financial reporting existed as of that date as a result of a 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.

Until the Company is able to have the proper staff in place, it likely will not be able to remediate this material weakness.

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

There were no changes in the Company’s internal control over financial reporting during the period ended January 31, 2020 that have materially affected, or are reasonably likely to materially affect, its 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.**

None.

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

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

The following exhibits are filed herewith:

3.1	Articles of Incorporation, as amended to date <sup>(1)</sup>
3.2	Bylaws <sup>(2)</sup>
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

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- (1)     Included as an exhibit to our registration statement on Form S-1 filed on September 5, 2017 and incorporated herein by reference.
  
  - (2)     Included as an exhibit to our registration statement on Form S-1 filed on February 19, 2008 and incorporated herein by reference.

## 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 13, 2020