



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

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

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

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

	Note	June 30, 2021	December 31, 2020
ASSETS		\$	\$
Current			
Cash		965,711	1,463,598
Receivables		63,420	43,635
Prepaid expenses		3,000	6,250
Marketable securities	3	85,000	25,000
		1,117,131	1,538,483
Non-Current			
Exploration and evaluation assets	4	776,669	763,986
Reclamation deposit		13,642	-
		790,311	763,986
		1,907,442	2,302,469
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9(b)	160,244	166,307
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5	8,220,247	8,220,247
Other equity reserves		275,495	298,682
Deficit		(6,748,544)	(6,382,767)
		1,747,198	2,136,162
		1,907,442	2,302,469

Approved on behalf of the Board:

"Dale Wallster", Director

"Adam Travis", Director

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Expenses					
Consulting	9(a)	39,875	77,500	85,700	87,500
Exploration expenditures	4, 9(a)	207,069	1,398	290,335	17,121
Investor relations		3,176	1,809	11,569	3,793
Office and administration		4,204	764	9,789	4,284
Professional fees		26,596	15,545	31,096	55,242
Salaries and personnel costs		18,958	-	29,124	12,244
Share-based payments expense	5(e), 9(a)	-	249,718	23,635	249,718
Transfer agent, regulatory and filing fees		7,459	10,288	8,429	15,534
		307,337	357,022	489,677	445,436
Other items					
Interest income		(706)	-	(1,687)	-
Miscellaneous income	4(a)(iii)	-	-	(15,391)	-
Unrealized gain on marketable securities		(60,000)	-	(60,000)	-
		(60,706)	-	(77,078)	-
Loss and comprehensive loss for the period		(246,631)	(357,022)	(412,599)	(445,436)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Basic and diluted weighted average number of shares outstanding		40,935,151	30,017,265	40,935,151	22,101,331

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

	Note	Number of shares	Share capital \$	Other equity reserves \$	Deficit \$	Total \$
Balance, December 31, 2019		13,806,551	5,209,518	21,000	(5,477,847)	(247,329)
Loss for the period		-	-	-	(445,436)	(445,436)
Private placements, net of share issue costs	5(b)	6,925,000	661,673	2,192	-	663,865
Shares issued pursuant to acquisition of mineral properties	4(a)(ii), 5(b)	11,000,000	660,000	-	-	660,000
Share-based payments expense	5(e)	-	-	249,718	-	249,718
Reclass of forfeited stock options	5(e)	-	-	(4,200)	4,200	-
Balance, June 30, 2020		31,731,551	6,531,191	268,710	(5,919,083)	880,818
Loss for the period		-	-	-	(480,484)	(480,484)
Private placements, net of share issue costs		9,000,000	1,650,623	46,845	-	1,697,468
Reclass of forfeited stock options		-	-	(16,800)	16,800	-
Exercise of warrants		3,600	433	(73)	-	360
Shares issued pursuant to acquisition of mineral properties		200,000	38,000	-	-	38,000
Balance, December 31, 2020		40,935,151	8,220,247	298,682	(6,382,767)	2,136,162
Loss for the period		-	-	-	(412,599)	(412,599)
Share-based payments expense	5(e)	-	-	23,635	-	23,635
Reclass of forfeited stock options	5(e)	-	-	(46,822)	46,822	-
Balance, June 30, 2021		40,935,151	8,220,247	275,495	(6,748,544)	1,747,198

ROUGH RIDER EXPLORATION LIMITED
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Operating Activities					
Loss for the period		(246,631)	(357,022)	(412,599)	(445,436)
Items not involving cash:					
Share-based payments expense	5(e)	-	249,718	23,635	249,718
Unrealized gain on marketable securities	3	(60,000)	-	(60,000)	-
Net change in non-cash working capital	6	72,836	(260,921)	(22,598)	(239,828)
Cash used in operating activities		(233,795)	(368,225)	(471,562)	(435,546)
Investing Activities					
Acquisition of exploration and evaluation assets	4	-	(24,876)	(12,683)	(24,876)
Reclamation deposit		(13,642)	-	(13,642)	-
Cash used in investing activities		(13,642)	(24,876)	(26,325)	(24,876)
Financing Activities					
Proceeds received pursuant to private placements	5(b)	-	-	-	692,500
Share issue costs	5(b)	-	(5,557)	-	(28,635)
Cash provided by financing activities		-	(5,557)	-	663,865
Net increase (decrease) in cash		(247,437)	(398,658)	(497,887)	203,443
Cash, beginning of period		1,213,148	761,111	1,463,598	159,010
Cash, end of period		965,711	362,453	965,711	362,453
Supplemental cash flow information	6				

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The address of the Company's head office is Suite 904 - 409 Granville Street, Vancouver, BC, Canada, V6C 1T2. The address of the Company's registered office is 2500 - 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3.

These condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a loss of \$412,599 for the six months ended June 30, 2021 (2020: \$445,436). As at June 30, 2021, the Company had an accumulated deficit of \$6,748,544. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

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

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

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

2. BASIS OF PREPARATION

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

These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020 which include the accounting policies used in the preparation of these condensed interim financial statements.

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

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

The Board of Directors (the “**Board**”) approved these financial statements on August 26, 2021.

3. MARKETABLE SECURITIES

Marketable securities are financial assets measured at fair value through profit or loss (“**FVTPL**”) and consist of an investment of 500,000 free-trading common shares of Goldplay Mining Inc. (“**Goldplay**”) (see Note 4(a)(iii)). The fair value of marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

A summary of the changes in FVTPL investments is presented below:

	\$
Balance December 31, 2020	25,000
Unrealized gain	60,000
	<hr/>
Balance, June 30, 2021	<u>85,000</u>

4. EXPLORATION AND EVALUATION ASSETS

a) BRITISH COLUMBIA

i) EMPIRE MINE PROPERTY

On September 22, 2020, the Company entered into an option agreement to acquire a 100% interest in the Empire Mine property (the “**Empire Option Agreement**”) from Mirva Properties Ltd. (“**Mirva**”). The Empire Mine property consists of mineral claims (the “**Greater Empire Claims**”) and crown grants (the “**Quatsino Crown Grants**”) all located in the Rupert District on northern Vancouver Island, BC, near Port McNeill.

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

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

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

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

a) BRITISH COLUMBIA (continued)

i) EMPIRE MINE PROPERTY (continued)

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

ii) GIN, EL DorADO AND BONANZA PROPERTIES

On April 13, 2020, the Company purchased a 100% interest in the Gin, Eldorado and Bonanza properties from Cazador (Note 9), Rene Bernard, an individual, and Elemental (Note 9), in consideration for 11,000,000 common shares of the Company (the “**Golden Triangle Acquisition**”), which were valued at \$660,000. The properties are located in the Golden Triangle area of northern BC.

Certain claims on the Eldorado property are subject to a 2% NSR royalty, of which Cazador owns 50%.

iii) SCOTTIE WEST PROPERTY

In 2020, the Company staked the Scottie West property located in the Golden Triangle area of northern BC, near the District of Stewart.

On November 20, 2020, the Company entered into a farm-out agreement with Goldplay whereby Goldplay can earn a 70% interest in the Company’s Scottie West property by making aggregate cash payments of \$500,000, issuing common shares of Goldplay to the Company with a total value of \$500,000 and incurring a minimum of \$1,000,000 of exploration expenditures on the property over a four-year period.

Upon Goldplay’s successful completion of the farm-out, the Company and Goldplay will form a joint venture on the property. The Company will retain a 2% NSR royalty of which Goldplay can repurchase 1% of the NSR royalty for \$2,000,000 at any time after a production decision has been made.

Pursuant to the farm-out agreement, the Company received an initial cash payment of \$25,000 from Goldplay. In addition, the Company received 500,000 common shares of Goldplay, valued at \$25,000. The common shares are recorded as marketable securities.

During the six months ended June 30, 2021, the Company received an amount of \$15,391 from Goldplay as reimbursement for certain exploration expenditures the Company incurred in 2020. The Company recorded this amount as miscellaneous income.

iv) STERLING PROPERTY

The Company owns a 100% interest in certain claims in the Sterling property, with a carrying value of \$Nil, located near Houston, BC.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

a) BRITISH COLUMBIA (continued)

v) KNOB HILL PROPERTY

In February 2021, the Company staked the Knob Hill property located approximately 60 kilometres from the Empire Mine property on northern Vancouver Island. Total cost of the staking was \$6,974.

vi) SANDY PROPERTY

In March 2021, the Company staked the Sandy property located in southeastern BC, close to the town of Nelson. Total cost of the staking was \$1,065.

b) SASKATCHEWAN

GENESIS PROPERTY

The Company owns a 50% interest in the Genesis property, with a carrying value of \$Nil, located in the Athabasca Basin region of Canada.

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

	Gin	Eldorado	Bonanza	Empire Mine	Scottie West	Knob Hill	Sandy	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	198,000	398,238	66,000	101,748	-	-	-	763,986
Staking	-	-	-	1,082	3,562	6,974	1,065	12,683
Balance, June 30, 2021	198,000	398,238	66,000	102,830	3,562	6,974	1,065	776,669

The Company's exploration expenditures for the six months ended June 30, 2021 were as follows:

	Empire	Gin	Eldorado	Scottie West	Home Brew	Knob Hill	Other Properties	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Analysis	7,549	-	-	-	-	4,391	-	11,940
Camp	1,250	-	-	-	-	388	-	1,638
Communications	1,592	-	-	-	-	-	-	1,592
Community engagement	7,501	965	2,081	-	-	-	465	11,012
Field equipment	4,424	-	-	-	-	330	-	4,754
Geological consulting	158,472	606	4,036	191	2,678	5,843	892	172,718
Geophysics	-	27,001	34,906	-	-	-	-	61,907
Overhead	9,598	678	1,442	656	275	-	-	12,649
Permitting	2,196	-	270	-	-	-	-	2,466
Travel and accommodation	9,303	-	-	-	-	356	-	9,659
	201,885	29,250	42,735	847	2,953	11,308	1,357	290,335

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL

a) Authorized

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

b) Share issuance details

Six months ended June 30, 2021

There were no share issuances during the six months ended June 30, 2021.

Six months ended June 30, 2020

In March and April 2020, the Company completed two tranches of a non-brokered private placement, issuing 4,925,000 and 2,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$492,500 and \$200,000, respectively.

Share issue costs totaled \$28,635 including \$10,860 as finders' fees. In addition, the Company issued 108,600 share purchase warrants with a value of \$2,192 as finders' fees, with each warrant exercisable into one common share of the Company at a price of \$0.10 per share with an expiry of March 25, 2022.

On April 13, 2020, the Company issued 11,000,000 common shares of the Company pursuant to the Golden Triangle Acquisition.

c) Stock options

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

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

	Number of options	Weighted average exercise price
		\$
Balance, December 31, 2020	2,000,000	0.18
Granted	200,000	0.18
Forfeited	(375,000)	0.18
Balance, June 30, 2021	1,825,000	0.18

The following stock options were outstanding as at June 30, 2021:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
		\$		
1,625,000	1,625,000	0.18	June 1, 2025	3.92
200,000	200,000	0.18	January 11, 2026	4.54
1,825,000	1,825,000	0.18		3.98

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2020 and June 30, 2021	5,002,250	0.30

The following warrants were outstanding as at June 30, 2021:

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

The fair value of the 108,600 warrants issued as finders' fees pursuant to the private placement described in Note 5(b) was \$2,192 using the Black-Scholes option pricing model with the following weighted average assumptions:

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

e) Share-based payments expense

The share-based payments expense for the stock options that vested during the six months ended June 30, 2021 was \$23,635 (2020: \$249,718).

The weighted average fair value at grant date of options granted during the six months ended June 30, 2021 was \$0.12 (2020: \$0.12).

The fair value of the stock options that were granted during the six months ended June 30, 2021 and 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.33%	0.33%
Expected stock price volatility	93%	91%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

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

During the six months ended June 30, 2021, the Company reclassified \$46,822 (2020: \$21,000) from other equity reserves to deficit with respect to options that were forfeited.

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2021	2020
	\$	\$
Receivables	(19,785)	(6,069)
Prepaid expenses	3,250	-
Accounts payable and accrued liabilities	(6,063)	(233,759)
	<u>(22,598)</u>	<u>(239,828)</u>

There were no non-cash investing and financing transactions for the six months ended June 30, 2021.

The non-cash financing transactions for the six months ended June 30, 2020 consisted of the Company:

- issuing 11,000,000 shares valued at \$660,000 pursuant to the Golden Triangle Acquisition; and
- issuing 108,600 warrants as finders' warrants valued at \$2,192 pursuant to the private placement described in Note 5(b).

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Financial instruments

Cash, receivables and accounts payable and accrued liabilities are carried at amortized cost as they approximate their fair values due to the short-term nature of the financial instruments. Marketable securities are measured using level 1 of the fair value hierarchy.

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

Financial risk factors

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

a) Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company limits its exposure to credit loss by placing its cash with a major Canadian bank. The Company's only significant receivable at June 30, 2021 relates to a goods and services tax refund from the Government of Canada, who is not considered a default risk.

ROUGH RIDER EXPLORATION LIMITED
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FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) *Liquidity risk*

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

c) *Market risk*

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

(i) *Interest rate risk*

Interest rate risk on cash is minimal because these investments generally have a fixed yield rate. As at June 30, 2021, the Company did not have any interest-bearing debt.

(ii) *Foreign currency risk*

The Company could be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2021, the Company did not have any significant exposure to foreign currencies and so considers foreign currency risk insignificant to the Company at present.

(iii) *Price risk*

The Company may at times have limited indirect exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended December 31, 2020.

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

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

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

8. CAPITAL MANAGEMENT (continued)

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

The Company is not subject to externally imposed capital requirements.

9. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the six months ended June 30, 2021 and/or 2020:

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

ROUGH RIDER EXPLORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited - Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

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

		2021	2020
		\$	\$
Consulting fees	1	84,175	68,425
Geological fees	2	39,675	-
Legal fees	3	-	41,292
Office and administration	4	-	3,000
Salaries	4	-	12,100
Share-based payments expense	5	23,635	209,139
Share issue costs	3	-	11,468
		<u>147,485</u>	<u>345,424</u>

- 1 Consulting fees consisted of fees of \$39,000 earned by the CEO, Mr. Travis through Cazador, fees of \$39,000 earned by the CFO, Mr. Thiessen through TSquared and \$6,175 earned by the Company's Office Manager through Cazador. The consulting fees for the six months ended June 30, 2020 consisted of fees of \$32,500 earned by the CEO, Mr. Travis through Cazador, fees of \$12,000 earned by the CFO, Mr. Thiessen through TSquared, fees of \$16,100 earned by Beneath the Surface Capital and \$7,825 earned by the Company's Office Manager through Cazador.
- 2 Geological fees consisted exclusively of fees earned by the CEO through Cazador, which were included in exploration expenditures.
- 3 Legal fees and share issue costs consisted of amounts charged by Farris LLP. The legal fees were included in professional fees on the condensed interim statement of loss and comprehensive loss and the share issue costs were netted against share capital (see Note 5(b)).
- 4 Office and administration costs and salaries consisted of amounts charged by Beneath the Surface Capital.
- 5 Share-based payments expense is a non-cash item that consisted of the fair value of stock options that have been granted to key management personnel.

b) Related Party Balances

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

	June 30, 2021	December 31, 2020
	\$	\$
Current liabilities		
Due to Cazador	13,650	27,853
Due to Dave Tupper, VP of Exploration	-	1,911
Due to Farris LLP	-	6,768
Due to TSquared	6,825	13,650
	<u>20,475</u>	<u>50,182</u>