NEVADA SUNRISE GOLD CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

For the three months ended December 31, 2017

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy. The words "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "intend", "estimate", "plan", "forecast", "project" and "believe" or other similar words and phrases are intended to identify forward-looking information.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate. Actual results/future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of exploration programs, fluctuating commodity prices, the possibility of equipment breakdowns and delays, the availability of necessary exploration equipment including drill rigs, exploration cost overruns, general economic or business conditions, regulatory changes, and the timeliness of government or regulatory approvals to conduct planned exploration work, political events, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability on production, the ability to raise sufficient capital to fund exploration or production, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, inability to obtain permits, environmental liability for work programs, general volatility in the equity and debt markets, accidents and labor disputes and the availability of qualified personnel. Additionally, the Company is not the operator of the Kinsley Mountain joint venture and factors that could affect the Kinsley Mountain joint venture and the Company's interest therein include: the Company does not control the timing, cost or nature of the work programs; the Company may be subject to unexpected cash calls relating to the operation of the Kinsley Mountain joint venture; if the Company is unable to fund its share of the work programs it will suffer dilution to its interest; and the Company cannot guarantee that the operator will conduct successful work programs or further develop the Kinsley Mountain property.

Although the Company has attempted to identify all of the factors that may affect our forward-looking statements, this list of the factors is not exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks and uncertainties detailed throughout this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except where required by applicable securities laws.

PRESIDENT'S MESSAGE

Nevada Sunrise is active in the acquisition, exploration and evaluation of mineral properties, all located in the State of Nevada, one of the best mining jurisdictions in the world. As a complement to its gold and silver properties, the Company has added several lithium properties and a cobalt property to its inventory of projects. The Company intends to maintain and explore its precious metals properties, and at the same time, offer its shareholders the potential rewards that new mineral discoveries in the field of "energy metals" may bring.

In April 2017, a drilling program was completed at the Kinsley Mountain gold project and the results showed significant additional gold mineralization in the Western Flank area of the property, including an intersection of 5.30 grams/tonne gold over 29.0 metres in hole PK-221. Additional drilling is anticipated in 2018 by the Kinsley Mountain joint venture, which if successful, could add to the Kinsley Mountain resource estimate produced and filed on SEDAR in November 2015.

In July 2017, the Company found an exploration partner for the Golden Arrow project in Emgold Mining Corporation ("Emgold"). A letter of intent was signed which will make Nevada Sunrise a significant shareholder of Emgold. Emgold will receive the benefit of an active Plan of Operations for Golden Arrow, allowing up to 240,000 feet of drilling, and Nevada Sunrise looks forward to conclusion of this transaction which recently received conditional approval by the TSX Venture Exchange.

In the lithium and cobalt sector, demand for "energy metals" in electric automobiles, energy storage, and other chargeable devices is increasing month by month, as major manufacturers increase current production and announce increased estimates for future production. Nevada Sunrise was an early participant in a lithium staking rush in 2015-2016, and in late 2017, the Company acquired the option to earn a 100% interest in a cobalt exploration property, the Lovelock Cobalt Mine.

In 2016, the Company optioned participating interests in its lithium properties to three different exploration partners. Of those partners, Advantage Lithium Corp. ("Advantage") earned a 70% interest in the Clayton NE property. In December 2017, the Company and Advantage sold the Clayton NE property to Pure Energy Minerals Limited ("Pure Energy") for 7,000,000 common shares of Pure Energy of which the Company received 30% or 2,100,000 common shares.

In March 2016, the Company acquired the option to purchase a 1,770 acre/feet per year water right to complement its three Clayton Valley properties. The Company believes that this acquisition is a pre-requisite for any exploration or development of lithium brine properties in the Clayton Valley. The water right is currently the subject of a judicial appeal of the State of Nevada's ruling issued in November 2016 forfeiting the water right alleging lack of beneficial use for a period of five years. Nevada Sunrise has presented evidence of beneficial use of the water right in its appellate briefs and awaits an upcoming hearing on the matter.

In summary, during the last eighteen months, Nevada Sunrise has accumulated significant financial assets in its role within the mineral exploration industry as a prospect generator. The Company is well-positioned for growth and looks forward to continuing exploration on its mineral projects.

"*Warren Stanyer*"
President and CEO

INTRODUCTION

Nevada Sunrise Gold Corporation ("Nevada Sunrise" or the "Company") is an exploration stage company whose common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol NEV. The Company's business is the acquisition, exploration and evaluation of mineral properties located in the State of Nevada, USA.

Nevada Sunrise holds interests in two precious metal exploration properties, namely:

- a 20.94% interest in 513 mining claims at the Kinsley Mountain property in White Pine County, with Liberty Gold Inc. (TSXV: LGD) holding the other 79.06% interest;
- a 100% interest in 374 mining claims at the Golden Arrow property in Nye County.

The properties are each subject to certain royalties held by the property vendors.

Nevada Sunrise holds interests in five lithium exploration properties in Esmeralda County, namely:

- a 100% interest in the Neptune property;
- a 100% interest in the Jackson Wash property;
- a 50% interest in the Gemini property;
- a 100% interest in the Aquarius property;
- a 100% interest in the Atlantis property.

Four of the five lithium properties are subject to certain royalties held by the underlying vendors of the properties. The fifth lithium property, Atlantis, is subject to an option agreement with American Lithium Corp. (TSXV: LI).

Nevada Sunrise holds an option to purchase a 100% interest in the Lovelock cobalt mine located in Churchill County.

Nevada Sunrise holds an option to purchase a water right in the Clayton Valley, Nevada, which allows for 1,770 acre/feet of water use for mining and milling per year. The water right is currently the subject of a judicial appeal of the State of Nevada's ruling (issued in November 2016) forfeiting the water right alleging lack of beneficial use for a period of five years. Nevada Sunrise has presented evidence of beneficial use of the water right in its appellate briefs and a determination on the validity of the water right is expected on April 5, 2018.

This discussion and analysis of financial position, results of operations and cash flows of Nevada Sunrise for the three months ended December 31, 2017 includes information up to and including March 1, 2018 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended December 31, 2017 and the Company's audited annual consolidated financial statements for the years ended September 30, 2017 and 2016. All dollar figures are in Canadian dollars unless otherwise stated.

The reader is encouraged to review the Company's statutory filings on www.sedar.com and to review other information about the Company and its properties on its website at www.nevadasunrise.ca

GOLD PROPERTIES

Kinsley Mountain

The Kinsley Mountain property ("Kinsley Mountain" or the "Project") is located in eastern Nevada in Elko County between the towns of Ely and Wendover, Nevada. The Company's Nevada subsidiary has the rights to a mining lease covering 141 unpatented lode mining claims on U.S. Bureau of Land Management ("BLM") land covering an area of approximately 1,136 hectares (2,807 acres). New staking has increased the size of the Project to 513 unpatented lode claims on BLM land plus 6 leased patents totaling 4,213 hectares (10,410 acres), and hosts a past-producing mine with an extensive exploration database and numerous, untested gold targets.

Kinsley Mountain lies roughly 75 kilometres (45 miles) southeast of the Long Canyon property where the geological/technical team of Liberty Gold Inc. ("Liberty Gold"), then part of Fronteer Gold Inc. (acquired by Newmont Mining Corp. in 2011), defined a significant gold resource in what is now recognized as an emerging gold district.

On October 28, 2013, Nevada Sunrise announced the signing of the Kinsley Mountain joint venture agreement between the Company and Liberty Gold. A Delaware limited liability company, Kinsley Gold LLC, was formed to manage the joint venture with Liberty Gold as the operator.

Liberty Gold conducted exploration programs at Kinsley Mountain from 2011 to 2013, and as a result, earned a 79.06% interest in the property. The Company has contributed to exploration programs approved by the joint venture in 2014, 2015, 2016, and 2017 to maintain its current 20.94% interest.

History of Exploration

Gold mineralization was discovered on Kinsley Mountain in 1984. Subsequent exploration defined sediment-hosted gold mineralization concentrated in the Kinsley trend, and includes at least five distinct deposits hosted in strata ranging from middle-to-late Cambrian in age. Gold mineralization occurs within a stratigraphic section of Middle to Upper Cambrian-age sedimentary rock units including limestone, dolomite and shale. This mineralization exhibits characteristics similar to other sedimentary rock-hosted "Carlin-type" gold deposits in Nevada. Gold enrichments occur in both preferred bedding strata and structurally-controlled zones as disseminated mineralization within altered sedimentary rocks.

Between 1994 and 1999, Alta Gold Co. ("Alta Gold") produced approximately 138,000 ounces of gold at .042 opt gold (1.4 grams/tonne gold) from oxide ore in a heap leach operation at Kinsley Mountain. Mining by Alta Gold was restricted to a cluster of deposits aligned along a northwest-oriented fault zone. Exploration drilling has identified several other mineralized centres which are yet to be developed. Mining by Alta Gold ceased during a period of low gold prices.

Gold mineralization at Kinsley Mountain consists both of shallow low-grade oxide ore, which was mined and produced by Alta Gold, and deep higher-grade sulphide mineralization. This deeper mineralization was tested by a limited number of drill holes. Nevada Sunrise assembled a substantial historical archive for the Kinsley Mountain property, including records for 1,156 drill holes drilled prior to 2011, with a total length of 244,900 feet (74,700 metres) or an average depth of only 212 feet (64.7 metres).

Kinsley Mountain – (cont'd)

2013 Exploration Highlights

- Liberty Gold carried a follow-up drill program totaling 14,200 metres in 58 holes testing high-priority targets within the Western Flank, Candland Canyon, and the Main pit areas
- results showed that significant gold also occurs within a lower zone of silty limestone below the Candland Shale;
- a Plan of Operations permit was obtained allowing drilling on up to 70 acres for exploration and development drilling;
- initial results returned the highest-grade intercept in more than 1,300 holes drilled to date at Kinsley Mountain in drill hole PK091CA.

Significant mineralized intersections included:

- 8.53 grams/tonne ("g/t") gold over 36.6 metres, including 29.43 g/t gold over 7.6 metres in hole PK091CA;
- 15.6 g/t gold over 3.0 metres in hole PK083C;
- 2.21 g/t gold over 10.7 metres in hole PK073;
- 1.65 g/t gold over 24.4 metres in hole PK074;
- 2.51 g/t gold over 16.8 metres in hole PK102.

2014 Exploration Highlights

- a total of 27,191 metres was completed in 81 holes;
- 1,080 acre/feet of water rights was secured.

Significant mineralized intersections from the Phase 1 drilling program at the Western Flank and the Phase 2 drilling program at the Right Spot included:

- 6.85 g/t gold over 41.7 metres in PK127C;
- 10.5 g/t gold over 42.7 metres in PK131C;
- 7.53 g/t gold over 53.3 metres in PK132C;
- 10.6 g/t gold over 30.0 metres in PK133C;
- 1.44 g/t gold over 12.2 metres and 2.84 g/t Au over 18.9 metres in PK134C;
- 21.3 g/t gold over 29.0 metres in PK137C*;
- 15.6 g/t gold over 38.7 metres in PK137CA*.
- 3.35 g/t gold over 41.1 metres in PK144, including 5.11 g/t over 4.6 metres;
- 3.08 g/t gold over 19.8 metres in PK138;
- 2.43 g/t gold over 19.8 metres in PK139;
- 1.75 g/t gold over 22.9 metres in PK142.
- 5.59 g/t gold over 38.1 metres in PK158C (22m step out), including
    - 9.99 g/t gold over 16.8 metres (Secret Canyon Shale host);
- 1.12 g/t gold over 7.0 metres in PK141C (50m step out) (Candland Shale host), and
    - 2.46 g/t gold over 16.8 metres (Secret Canyon Shale host), and
    - 3.81 g/t gold over 30.5 metres (Secret Canyon Shale host);

Kinsley Mountain – (cont'd)

- 2.89 g/t gold over 19.1 metres in PK151C (Candland Shale host) and
  - 8.35 g/t over 12.5 metres (Secret Canyon Shale host), including
  - 10.5 g/t over 2.8 metres (Secret Canyon Shale host).
- 1.34 g/t gold over 25.9 metres *and* 1.09 g/t over 13.7 metres *and* 3.02 g/t over 6.1 metres in PK153;
- 3.91 g/t gold over 18.3 metres in PK159C, including
  - 8.15 g/t gold over 7.6 metres;
- 2.89 g/t gold over 19.1 metres in PK162C, including
  - 10.5 g/t over 2.8 metres;
- 6.19 g/t gold over 45.7 metres in PK175CA, including
  - 13.8 g/t gold over 19.2 metres;
- 6.88 g/t gold over 6.1 metres in PK177C, including
  - 11.0 g/t gold over 3.0 metres (Candland Shale host);
- 2.69 g/t gold over 7.6 metres (shallow oxide mineralization in the Candland Shale host) and 1.25 g/t Au over 10.7 metres (Secret Canyon Shale host) in PK180
- 2.03 g/t gold over 7.6 metres (shallow oxide mineralization in the Candland Shale host) in PK182.
- 10.1 g/t (grams per tonne) gold over 39.6 metres in PK186C, including
  - 17.4 g/t gold over 21.6 metres (Secret Canyon Shale host);
- 6.05 g/t gold over 30.5 metres in PK187C (Secret Canyon Shale host);
- 4.39 g/t gold over 29.2 metres in PK188C (Secret Canyon Shale host);
- 6.15 g/t gold over 7.6 metres in PK200, including 8.73 g/t gold over 4.6 metres (Secret Canyon Shale host).

**PK137C was lost in the mineralized zone due to poor ground conditions higher in the hole, and does not represent a complete intercept of the zone. PK137CA was wedged off the same hole from above the mineralized zone using NQ-size tools and was completed through the mineralized zone in a location immediately adjacent to PK137C, effectively representing a twin of PK137C and a complete intercept of the mineralized zone.*

The 2014 drill program was designed to extend and delineate the high-grade Western Flank zone and test for mineralization in several stratigraphic horizons along a 2 kilometre-long, north-northeast trending corridor from the Western Flank discovery to the Right Spot and Secret Spot targets.

Results from the 2014 drilling in the Western Flank suggest a more complex, structurally-controlled body of mineralization than originally contemplated, with both an east-west and north-south elongation. In addition, a lower zone of mineralization, lying approximately 100 metres below the main high-grade zone was encountered in PK141C and PK158C.

Metallurgical Test Results

On January 19, 2015, Nevada Sunrise reported results from an initial metallurgical program designed to address the recovery of gold from the Secret Canyon host rock to produce a high-grade concentrate. The metallurgical test results demonstrated that high-grade sulphide mineralization from the Western Flank zone can produce a concentrate with excellent gold recoveries, at potentially low capital and operating costs.

Kinsley Mountain – (cont'd)

The test work, initiated in March 2015, used the same flowsheet developed for mineralization hosted in the Secret Canyon Shale. Summary highlights include:

Composite	Overall Au Recovery (%)	Concentrate Grade (g/t)	Calculated Feed Grade (g/t)
WF-CC#1	83.0	52.3	4.82
WF-CC#2	82.6	42.0	2.81

Concentrates were assayed for deleterious elements and were found to contain arsenic and antimony. Arsenic in the concentrate tested ranged from 1.55% to 3.14% and averaged 2.35% while antimony in the concentrate tested ranged from 0.048% to 0.067% and averaged 0.058%. While arsenic and antimony are elevated, it is believed the levels would not preclude direct sale to a typical Nevada refractory ore processing facility.

Gary Simmons, of GL Simmons Consulting, LLC (B.S. Extractive Metallurgy), a Qualified Professional with the Mining and Metallurgical Society of America is the Qualified Person, within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), has overseen the collection and verification of the metallurgical data and reviewed and approved this technical disclosure. Mr. Simmons is independent of Pilot Gold and Nevada Sunrise. Metallurgical testing was conducted at Hazen Research, Inc. in Denver, Colorado.

2015 Exploration Highlights

- an induced polarization ("IP") geophysical test survey was carried out in early 2015 to investigate a chargeability correlation of sulphide content, ranging up to 10%, associated with known gold mineralization in deeper portions of the Western Flank Zone;
- A total of 5,075 metres of reverse circulation ("RC") drilling in 13 holes was completed;

Significant mineralized intersections included:

- PK208: 2.34 g/t gold over 9.1 metres (Dunderberg shale host) *and* 3.46 g/t gold over 18.3 metres (Secret Canyon Shale host); *including* 13.7 g/t gold over 3.0 metres;
- PK210: 2.95 g/t gold over 13.7 metres (Secret Canyon Shale host).

The 2015 intercepts are from the Dunderberg Shale and the Secret Canyon Shale which contain most of the known gold mineralization at Kinsley Mountain and are believed to underlie a significant portion of the project area. Liberty Gold believes the previously-discovered Western Flank zone is not an isolated occurrence and there is a high probability of ongoing discoveries at Kinsley Mountain.

Mineral Resources Estimate Technical Report

On November 4, 2015, in conjunction with Liberty Gold, Nevada Sunrise announced the release of a NI 43-101 compliant technical report entitled "Updated Technical Report and Estimated Minerals Resources for the Kinsley Project" (the "Report"), effective October 15, 2015. The Report dated December 16, 2015 was subsequently filed on SEDAR and can be accessed at http://www.sedar.com.

Kinsley Mountain – (cont'd)

The Kinsley Mountain resource estimate addresses well-explored mineralization in the historical Kinsley Mine area, as well as a significant high-grade component in the Secret Canyon shale unit in the Western Flank area at the northwest end of the Kinsley Mountain mine trend.

The resource estimate for all mineralization types, using multiple cut-offs, is:

	Indicated			*Inferred*			
Mineralization	oz. Au	g/t Au	Tonnes	oz. Au	g/t Au	Tonnes	Cutoff (g/t Au)
All types	*405,000*	*2.27*	*5,529,000*	*122,000*	*1.13*	*3,362,000*	-
Secret Canyon Shale sulphide	284,000	6.04	1,461,000	39,000	2.41	508,000	1.0
Dunderberg Shale sulphide and transitional	45,000	2.67	520,000	37,000	2.44	470,000	1.3
Oxide	76,000	0.66	3,548,000	46,000	0.60	2,384,000	0.2

Mineralization hosted in the Secret Canyon Shale in the Western Flank zone includes 284,000 Indicated ounces at an average grade of 6.04 g/t gold.

The resource estimate includes three separate cut-off grades, reflecting depth from surface, oxidation, and metallurgical considerations. These include shallow oxidized rock (0.2 g/t gold cut-off); shallow transitional and sulphide mineralization, primarily hosted in the Dunderberg Shale (1.3 g/t gold cut-off), and Secret Canyon Shale-hosted sulphide and transitional mineralization (1.0 g/t gold cut-off). Cut-off grades assume an open-pit mining scenario, using a pit floor elevation generated using Whittle software, reasonable assumptions for mining and milling costs, and a US$1,300/oz gold price.

The Report was prepared by Michael M. Gustin, C.P.G., with Mine Development Associates, Inc. of Reno, Nevada; Gary Simmons, BSc, Metallurgical Engineering, of G L Simmons Consulting, LLC; and Dr. Moira Smith, Ph.D., P. Geo. Chief Geologist for Pilot Gold, all of whom are "Qualified Persons" as defined by NI 43-101. Mr. Gustin and Mr. Simmons are independent of Pilot Gold and Nevada Sunrise.

Kinsley Mountain – (cont'd)

2016 Exploration

All four of the 2016 drill holes intersected the target Secret Canyon Shale host horizon at the expected depth in the anticipated structural environment. All holes contained areas of moderate to strong jasperoid alteration, clay alteration and strong iron oxide and/or disseminated pyrite alteration, consistent with what is observed in the Western Flank zone. However, only anomalous gold content was encountered.

An airborne VTEM and magnetic survey consisting of 854 line-kilometres was flown in late 2016 at 200 metre spacing over the northern area of Kinsley Mountain, and at 100 metre line spacing over the southern half, which includes the area where the Western Flank gold discovery was made in 2014. VTEM is known for its ability to detect sulphides at depths exceeding 300 metres, and can assist in defining mineralized trends, and related structures. Interpretation of the survey data will utilize the geophysical signature of the Western Flank Zone to assist in identifying further drill targets. A number of new target areas were indicated by the VTEM survey and the results are being integrated into the Kinsley Mountain exploration model.

2017 Exploration

On July 13, 2017, the Company announced it had received results from Liberty Gold from a 4-hole reverse circulation drilling program carried out at the Western Flank East Extension Target at Kinsley Mountain. The 2017 drilling program is part of an ongoing effort to test new targets and expand sparsely-drilled targets at Kinsley Mountain.

Highlights from the Western Flank East Extension Target include:

- From the Secret Canyon Shale Zone (lower host):
  - 5.30 g/t gold over 29.0 metres *including* 7.84 g/t gold over 16.8 metres in hole PK221
  - 3.68 g/t gold over 3.0 metres in hole PK224

- From the Dunderberg Shale Zone (upper host):
  - 12.4 g/t gold over 4.6 metres *including* 35.1 g/t gold over 1.5 metres in PK221
  - 6.84 g/t gold over 7.6 metres *including* 12.8 g/t gold over 3.0 metres in PK224

The Western Flank East Extension Target is located immediately east of the Western Flank deposit, which was discovered in late 2013. One hole was drilled in the southeast part of the project on the eastern flank of the Kinsley Mountain range. The target was a surface geochemical anomaly which had been identified over promising structures, in an area with sparse shallow drilling and no tests of the Secret Canyon shale at depth. It did not return a mineralized intercept, but it did confirm the presence of the prospective Secret Canyon Shale at shallow depth.

Golden Arrow

The Golden Arrow property ("Golden Arrow") is located in Nye County, Nevada and consists of 357 unpatented lode mineral claims and 17 patented lode mineral claims. In total, Golden Arrow covers an area of 5,684 acres. Golden Arrow has a number of favorable attributes for exploration: gentle topography, mild climate, available ground water and close proximity to highways and towns. Historical exploration has resulted in the discovery and subsequent drill-definition of two centers of gold-silver mineralization. A large exploration database shows exceptional exploration potential.

Golden Arrow is situated along the eastern margin of the Walker Lane structural zone and along the western margin of the Kawich volcanic caldera. The Walker Lane has past production and defined resources of more than 30 million ounces of gold and 400 million ounces of silver. Notable districts include the Comstock Lode, Rawhide, Paradise Peak, Santa Fe, the historic Tonopah and Goldfield districts, and Round Mountain, one of the most significant gold mines in Nevada.

Gold and silver mineralization at Golden Arrow includes mineral zones typical of both low-sulphidation quartz-adularia veins and high-sulphidation hot-spring type mineralization. Historic production was realized from discrete high-grade ore shoots within larger fault-controlled quartz-adularia-gold veins in andesite of the volcanic basement. More recent exploration has mainly focused upon definition of large-tonnage disseminated mineralization, with the discovery and delineation of two centers of mineralization – the Gold Coin and Hidden Hill deposits. The Gold Coin deposit outcrops and extends northwestward from the Confidence Mountain rhyolite flow dome. The Hidden Hill deposit, located approximately 300 metres northwest from Gold Coin, is largely hosted in silicified rhyolite-arkose maar sediments deposited in a basin extending away from the rhyolite center. Much of the higher-grade mineralization is spatially associated with pepperite breccia at the margin of latite dikes.

The historical archive that has been assembled by the Company includes drill core and cuttings, as well as technical data, for 291 drill holes – 281 RC percussion holes and 10 diamond core holes – for a total of 45,141 metres of drilling. Of this, approximately 90% of the drilling has been concentrated within the Gold Coin and Hidden Hill deposits. All of the available core and cuttings were re-logged in a consistent format by the Company's geologists; the resulting geologic model formed the foundation for a Mineral Resource estimate.

Mine Development Associates of Reno, Nevada completed a NI 43-101 compliant Mineral Resource Estimate for the Golden Arrow property in a report entitled "Updated Technical Report on the Golden Arrow Project, Nye County, Nevada, USA", co-authored by Steve Ristorcelli, C.P.G., and Odin Christensen, Ph.D., C.P.G. dated May 1, 2009. Geo-statistical modeling was completed by zones for the Hidden Hill and Gold Coin deposits. This defined the deep high-grade structurally-controlled mineralization from the near-surface horizontal disseminated mineralization. Geologically-defined mineral zones separated the gold and silver resource blocks.

In the table below are the Mineral Resources estimated and effective May 1, 2009, as contained in the Technical Report, republished for the convenience of investors. Investors are requested to refer to the Technical Report for a fulsome discussion of the Mineral Resource estimates along with all assumptions, parameters and methods used to prepare the Mineral Resource estimates and risk associated with relying on the Mineral Resource estimates.

Golden Arrow – (cont'd)

Golden Arrow Project Total Gold and Silver Resources

Oxidized

Cutoff oz AuEq/ton	Tonnes	AuEq oz/t	Au oz/t	Au Ozs	Ag oz/t	Ag Ozs
			Measured			
Variable	1,099,000	0.029	0.024	26,600	0.26	291,000
			Indicated			
Variable	5,637,000	0.022	0.018	102,600	0.22	1,263,000
			Measured and Indicated			
Variable	6,736,000	0.023	0.019	129,200	0.23	1,554,000
			Inferred			
Variable	2,040,000	0.013	0.009	17,700	0.25	510,000

Un-Oxidized

Cutoff oz AuEq/ton	Tonnes	AuEq oz/t	Au oz/t	Au Ozs	Ag oz/t	Ag Ozs
			Measured			
Variable	751,000	0.047	0.034	25,800	0.67	505,000
			Indicated			
Variable	4,685,000	0.038	0.030	141,500	0.42	1,949,000
			Measured and Indicated			
Variable	5,436,000	0.039	0.031	167,300	0.45	2,454,000
			Inferred			
Variable	1,750,000	0.026	0.019	32,700	0.42	739,000

Total (Revised)

Cutoff oz AuEq/ton	Tonnes	AuEq oz/t	Au oz/t	Au Ozs	Ag oz/t	Ag Ozs
			Measured			
Variable	1,850,000	0.036	0.028	52,400	0.43	796,000
			Indicated			
Variable	10,322,000	0.029	0.024	244,100	0.31	3,212,000
			Measured and Indicated			
Variable	12,172,000	0.030	0.024	296,500	0.33	4,008,000
			Inferred			
Variable	3,790,000	0.019	0.013	50,400	0.33	1,249,000

Note: Silver to gold ratio is 55 to 1; variable cut-off grades are 0.01 oz/t gold for oxide and 0.015 oz/t gold for un-oxidized material.

The technical information related to and including the reported Mineral Resources for the Golden Arrow Project was reviewed and approved by Steven Ristorcelli, C.P.G., a qualified person as defined by NI 43-101.

Golden Arrow – (cont'd)

2012 Exploration

In October 2012, the Company reported the results from a total of 5,570 metres of RC drilling in 21 holes completed during the 2012 drill campaign. The program was designed primarily to evaluate areas in the vicinity of the previously-defined resources at Hidden Hill and Gold Coin for additional potential centers of gold mineralization. Targets were chosen to be less than 300 metres in depth and were based primarily on the previously completed Orion 3D DCIP/MT geophysical survey over an approximately 8 square kilometre area performed by Quantec Geoscience in November 2011.

Eight holes in two areas about 300 metres west of Hidden Hill defined a new target region with the following highlights:

- Hole GA12-361 intersected 7.6 metres containing 1.00 g/t Au;
- Hole GA12-356 intersected 7.6 metres containing 0.54 g/t Au, including 6.1 metres containing 0.61 g/t Au;
- Hole GA12-355 intersected two separate intervals, 4.7 metres containing 0.42 grams g/t Au and 4.6 metres containing 0.83 g/t Au, the latter includes 3.1 metres of 1.05 g/t Au;
- Hole GA12-363 intersected 4.6 metres containing 0.55 g/t Au.

2013 Mining Lease Amendment

On December 30, 2013, Nevada Sunrise announced an amendment to a mining lease on the Golden Arrow property. Several claim blocks at Golden Arrow totalling 185 unpatented lode mining claims are held through a mining lease between Intor Resources Corp. ("Intor") and Nevada Eagle Resources LLC, a subsidiary of Newmont Mining Corp. The terms of the amendment to the mining lease were as follows:

- The advance minimum royalty payment is now reduced, from $50,000 to $25,000 per year, for the remainder of the term of the mining lease. The mining lease can be extended year to year at the Company's option by making the advance royalty payments, which are capped at $25,000 per year.
- The advance royalty payment due on Jan. 1, 2014, was deferred to July 1, 2014. Each subsequent annual advance royalty payment of $25,000 is due and payable on January 1 of each succeeding calendar year.
- The production royalty, currently at 2.0 %, is increased by one percentage point to 3.0 %.
- Nevada Sunrise may purchase one percentage point of the amended production royalty from Nevada Eagle Resources LLC for US$1,000,000 at any time during the remaining term and any subsequent terms. All other provisions of the mining lease continue in full force and effect.

2014 Exploration

In 2014, Nevada Sunrise conducted a data compilation program of historical geophysical and drilling results for Golden Arrow. Drilling samples from selected mineralized areas were re-analyzed with the goal of identifying target areas that may contain extensions of known mineralization. Concurrently, biological and cultural surveys were undertaken at Golden Arrow as key components of the Company's Plan of Operations application.

Golden Arrow – (cont'd)

Plan of Operations Approved

In early 2015, Nevada Sunrise submitted a Plan of Operations (the "Plan") for Golden Arrow to the BLM. The Plan contemplated approximately 73,000 metres (240,000 feet) of drilling in 240 holes to explore for areas of new gold mineralization at Golden Arrow, and to further refine the known gold resources. The submission of the Plan was the culmination of a process initiated by the Company in June 2014, when biological surveys commenced at Golden Arrow. During the summer and fall of 2014, a cultural survey was carried out in conjunction with the biological surveys to meet the requirements for the Plan. A geological review was also initiated by Nevada Sunrise which included the design of the surface drilling program and surface sampling and mapping. In August 2015, an Environmental Assessment was filed by the Company in support of the Plan, and the Company received and replied to comments from the BLM during the fall of 2015. After a public review period, the Plan was approved by the BLM in May 2016. The Company is required to increase the reclamation bond on Golden Arrow to US$94,011 from the current amount of US$18,037 upon commencement of exploration.

On May 11, 2016, the Company was granted a 10 year right of way to access the Golden Arrow property for exploration and drilling. The Company has paid US$4,262 to prepay the right of way for the entire 10-year term, which begins in July 2016 and carries through to June 2025.

Emgold Mining Corporation – Letter of Intent

On July 18, 2017, Nevada Sunrise signed a non-binding letter of intent ("LOI") with Emgold Mining Corporation (TSXV: EMR) ("Emgold") to enter into an option agreement on the Golden Arrow property.

The transaction was subject to certain conditions including:

- Emgold's completion of satisfactory due diligence on the Golden Arrow property;
- Emgold's completion of 1:10 consolidation of its issued and outstanding common shares (completed September 1, 2017);
- Director and shareholder (if necessary) approval of the transaction;
- Receipt of regulatory approvals and third-party consents (if necessary) including the acceptance of the transaction by the TSX Venture Exchange (conditional acceptance of the transaction was received on January 23, 2018); and

On December 27, 2017, Nevada Sunrise signed an amended non-binding letter of intent (the "Amended LOI") with Emgold. The Amended LOI replaces the prior non-binding letter of intent dated July 18, 2017 (the "Original LOI") and provides for the acquisition by Emgold of an immediate 51% interest in the Golden Arrow property with a first option to acquire an additional 29% interest, followed by a second option to acquire the final 20% interest in Golden Arrow by making the exploration expenditures and cash payments as outlined below:

Golden Arrow – (cont'd)

Emgold Mining Corporation – Letter of Intent – (cont'd)

Initial Acquisition by Emgold of a 51% Interest in Golden Arrow

Date	Cash Payment ($CDN)	Exploration Expenditure to be Incurred ($CDN)	Emgold Shares	Percentage Interest
Execution and delivery of the Original LOI	$35,000 (paid)	--	--	0%
Execution and delivery of the Amended LOI	$32,000 (paid)	--	--	0%
Within 5 business days of final acceptance by the TSX-V of the Transaction (the "Closing Date")	$215,000	--	2,500,000	51%
Sub-Total:	$282,000	--	2,500,000	51%

The Amended LOI further provides that Nevada Sunrise would grant to Emgold (or a wholly-owned subsidiary of Emgold) the sole and exclusive right and option (the "First Option") to acquire an undivided additional 29% (for a total of 80%) interest in the Property, which would be exercisable by Emgold for a period of 36 months from the Closing Date (the "Option Period") by Emgold (i) incurring exploration expenditures in the aggregate amount of $2,750,000; and (ii) issuing to Nevada Sunrise an additional 2,500,000 common shares in the capital of Emgold, as shown in the table below:

Emgold's First Option to Acquire an Additional 29% Interest in Golden Arrow

Date	Cash Payment ($CDN)	Additional Exploration Expenditure to be Incurred ($CDN)	Emgold Shares	Percentage Interest
On or before 12 months from Closing Date	--	$250,000		51%
On or before 18 months from Closing Date	--	--	625,000	51%
On or before 24 months from Closing Date	--	$1,250,000	625,000	51%
On or before 30 months from Closing Date	--	--	625,000	51%
On or before 36 months from Closing Date	--	$1,250,000	625,000	80%
Sub-Total:	--	$2,750,000	2,500,000	80%
TOTAL:	$282,000	$2,750,000	5,000,000	80%

Upon Emgold exercising the First Option, a joint venture company would be formed through a separate entity with Emgold owning 80% of the shares and the Company owning 20% of the shares. Emgold would act as the operator of the joint venture.

Golden Arrow – (cont'd)

Emgold Mining Corporation – Letter of Intent – (cont'd)

The terms of the Amended LOI are subject to the satisfaction of certain conditions, including:

- TSX Venture Exchange acceptance;
- the entry into a definitive sale and option agreement;
- Emgold completing a financing in an amount necessary to pay (i) related fees and expenses of the transaction; (ii) the remaining third property payment of $215,000; (iii) general corporate overhead for 6 months; and (iv) the first 12 months of minimum exploration expenditures on the property in the amount of $250,000.

After exercising the First Option, and within 12 months of a formal production decision for the property or at any time prior to that date, and provided that Emgold has at least a 75% interest in the joint venture, Emgold would have the further option (the "Second Option") of purchasing Nevada Sunrise's interest in the joint venture at the time the Second Option is exercised, as outlined in the table below:

Emgold's Second Option to Acquire a Final 20% Interest in Golden Arrow

Nevada Sunrise % Interest in the Joint Venture	Buyout Amount ($CDN)
25	10,000,000
24	9,500,000
23	9,000,000
22	8,500,000
21	8,000,000
20	7,500,000
19	6,850,000
18	6,200,000
17	5,550,000
16	4,900,000
15	4,250,000
14	3,600,000
13	2,950,000
12	2,300,000
11	1,650,000
10% or Less	1,000,000

Nevada Sunrise would not be required to contribute to the joint venture until Emgold completes or terminates the First Option. Thereafter, the parties would be required to contribute to the joint venture based on their ownership percentages of the joint venture, or their interests therein would be diluted in proportion to their contributions to the joint venture. If a diluted party's interest falls below 10% at any time, the other party would have the option of purchasing the diluted party's interest in the joint venture for $1,000,000.

Roulette

The Roulette Gold Project ("Roulette") consisted of 120 unpatented claims covering 2,400 acres (971 hectares) located approximately 30 miles north of Ely, Nevada at the southeast end of the Carlin Trend. In November 2014, the Company acquired the option to purchase 15 unpatented claims at Roulette and added an additional 105 claims by staking.

2017 Exploration

Combined geological mapping, geochemistry and geophysics in 2015-2016 provided three distinct drill targets. In February 2017, Nevada Sunrise received approval from the BLM to drill up to 9 holes at Roulette. The 2017 drilling program consisted of four RC holes totaling approximately 3,480 feet (1,060 metres). The first three holes did not encounter significant gold mineralization. A fourth hole was subsequently planned and permitted, targeting the possible depth extent of the Parlay mineralized jasperoid. The fourth drill hole did not encounter any significant gold mineralization. Consequently, the Company terminated the option-to-purchase agreement for Roulette and recorded a charge of $152,916 for the acquisition costs incurred on Roulette.

John R. Kerr, P.Eng., is a designated Qualified Person for the Company within the meaning of NI 43-101 and has reviewed and approved the technical information contained in this MD&A for the Kinsley Mountain, Golden Arrow and Roulette projects.

LITHIUM PROPERTIES

Nevada Sunrise has adopted an exploration strategy targeting desert basins, or playas, that exhibit similar geological and geophysical characteristics to the Clayton Valley basin where brines containing economic contents of lithium are known to accumulate in faults and porous lithologic traps in sub-basins. Such sub-basins can be delineated by gravity surveys that detect strong gravity lows.

In 2013, the USGS released a paper describing the Clayton Valley's potential to host lithium deposits based on the hypothesis that lithium is liberated by weathering of host rocks or derived from hydrothermal fluids from a variety of rock sources within a closed basin. The floor of Clayton Valley has an area of about 100 square kilometres and a catchment of about 1,400 square kilometres, and is the topographically lowest of at least five adjacent basins that are hydrologically linked by groundwater flow (Zampirro, 2004). It is the combined area of all five linked catchments that matters, making the effective area of the Clayton Valley lithium-brine system much larger than the footprint of the Clayton Valley proper (source: from USGS open file 13-1006, 2013).

For location and exploration maps of the Company's lithium projects, please visit "Projects – Nevada Lithium" at: http://www.nevadasunrise.ca/projects/nevadalithium/

Neptune

On August 21, 2015, the Company entered into an option agreement to purchase a 100% interest in the Neptune lithium exploration property located in the Clayton Valley, Esmeralda County, Nevada. Neptune consists of 93 unpatented 20-acre claims totaling 1,860 acres (753 hectares). Under the terms of the Neptune option agreement, a 1.5-mile (2.25-kilometre) area of interest applies to the property.

Neptune is located 37 miles (55 kilometres) southwest of Tonopah, Nevada, in an active area of lithium exploration and mining. The Silver Peak lithium brine mine, now owned by Albemarle Corporation ("Albemarle"), has extracted lithium minerals from brines continuously since 1966 and is 10 miles (16 kilometres) to the north of the Neptune property. The Silver Peak mine is the only operating lithium mine in the United States.

The Company agreed to pay the following consideration to the vendors on TSXV acceptance of the agreement (received) and on subsequent anniversaries of the agreement:

- On receipt of TSXV acceptance of the agreement: 200,000 common shares (issued)
- On the first anniversary of the agreement: 300,000 common shares (172,218 common shares of Advantage issued)
- On the second anniversary of the agreement: 500,000 common shares (issued)

Neptune is subject to a 3% gross overriding royalty ("GOR"). On the third anniversary of the agreement, the Company has the right to purchase 1% of the GOR for US$1,000,000.

Historical reports acquired by the Company indicate that geologic formations and structures that exist at Neptune are similar to lithium-bearing brine deposit models present elsewhere in the Clayton Valley. Ground gravity and controlled source audio-frequency magnetotellurics ("CSAMT") surveys were carried out over Neptune in 2011. CSAMT is a geophysical survey method that measures ground resistivity with considerable depth penetration and high lateral resolution suitable for the exploration of alluvial and sedimentary rock aquifers. Gravity surveys can outline basin depth and controlling structures. Brine-rich aquifers are expected to exhibit low resistivities and to be stratiform in geometry, and the conductive layers interpreted from the CSAMT in the Neptune basin fit these criteria.

2016 Exploration

In January 2016, Nevada Sunrise received a drilling permit from the BLM for up to 10 exploration drill holes at Neptune and the Company posted a reclamation bond with the BLM of US$18,132 as a guarantee of exploration site restoration.

Nevada Sunrise completed two exploration holes at Neptune in late March 2016. In each of the completed holes, permeable sedimentary, lacustrine strata interbedded with volcanic ash and ejecta was logged at various levels throughout the holes. This type of sedimentary strata is interpreted as a requisite host horizon for lithium-bearing brines as seen in the northern Clayton Valley. A total of 45 water samples and 256 sediment cuttings samples were collected and submitted for multi-element analysis.

Neptune – (cont'd)

Preliminary analytical results indicate the water samples collected from the two completed holes contain sub-economic contents of lithium. However, in hole N-2016-1, the composited samples collected from the intersected strata contained lithium-bearing sediments that averaged 156 parts per million ("ppm") lithium over 215 feet (65.5 metres) from 1285 feet (392.7 metres) to the end of hole at 1,500 feet (457.2 metres), reaching a peak value of 217 ppm lithium from 1365 to 1385 feet. A sharp increase of acidity was noted in several of the last water samples of hole N-2016-1, which Nevada Sunrise interprets as a potentially fertile leaching environment for the creation of lithium-bearing brines. A third hole up to 2,000 feet deep is planned approximately 1 mile (1.6 kilometres) to the east of hole N-2016-1 in an area interpreted from a 2016 geophysical survey to be a potential trap where denser, lithium-bearing brines could migrate and pool. If results from the third hole warrant, a drill pad and access road have been prepared for a fourth hole location.

2017 Exploration

On April 6, 2017, Advantage Lithium Corp. and Nevada Sunrise announced the commencement of a regional drilling program at Neptune. At Neptune, one borehole was drilled to a depth of approximately 1,500 feet, about 75% of the interpreted target depth, but the hole was lost due to unstable ground conditions. As a result, no brines were encountered in the borehole.

Option Agreement – Resolve Ventures Inc.

On May 3, 2016, the Company entered into a definitive joint venture and option agreement with Resolve Ventures Inc. ("Resolve") in which Resolve can earn up to a 50% interest in the Neptune property. The definitive agreement supersedes the interim agreement between the companies dated March 2, 2016.

Under the terms of the definitive agreement, Resolve earned an initial 25% interest in Neptune by making cash and share payments to the Company and by financing exploration expenditures as follows:

- $50,000 upon execution of the interim agreement (paid);
- $50,000 upon delivery by the Company of a co-addressed NI 43-101 compliant technical report in a form acceptable to the TSXV (paid);
- 200,000 common shares of Resolve issued to the Company on the execution of the definitive agreement (issued);
- $300,000 for exploration and evaluation expenditures to be incurred by the Company according to the recommendations in the NI 43-101 report (paid).

The Company entered into an Amendment to the Option and Joint Venture Agreement ("Neptune Option Amendment Agreement") with Resolve and Advantage dated September 27, 2016, which amended and superseded the Company's option agreement with Resolve dated May 3, 2016. Pursuant to the Neptune Option Amendment Agreement, Resolve agreed to terminate its right to a second-stage earn-in where it could have increased its interest to 50%. The Neptune Option Amendment Agreement granted Advantage the option to earn up to a 50% interest in the Neptune property with the Company and Resolve each retaining a 25% interest.

Neptune – (cont'd)

During the year ended September 30, 2017, the Neptune Option Amendment Agreement was terminated. As a result, Resolve resumed its right to the second-stage option and regained the right to earn a 50% interest in the Neptune property.

On December 14, 2017, Resolve terminated its option on the Neptune property and released itself from all future obligations with respect to the agreement. As a result, the Company owns a 100% interest in the Neptune property.

Clayton Northeast

On December 3, 2015, the Company entered into an option agreement to purchase a 100% interest in the Clayton Northeast lithium exploration property ("Clayton NE") located in the Clayton Valley, Esmeralda County, Nevada. The Clayton NE property consists of 55 unpatented placer claims totaling approximately 1,080 acres (473 hectares) and is contiguous to the Silver Peak lithium mine operated by Albemarle. Several Silver Peak lithium production wells are located close to the Clayton NE western boundary.

In June 2017, Nevada Sunrise acquired a 100% interest in the nearby Triton lithium property ("Triton") for a cash payment of US$38,000, which consists of 19 unpatented claims totaling approximately 380 acres (154 hectares). Under agreement with the vendor, the acquisition of Triton is subject to an area of interest clause contained within the underlying property agreement for Clayton NE, located approximately 5 kilometres to the northeast. The combined Clayton NE and Triton projects total 74 claims covering approximately 1,460 acres (627 hectares).

In 2015, the Company agreed to pay the following consideration for Clayton NE to the underlying vendor on TSXV acceptance of the agreement and on subsequent anniversaries of the agreement:

- On receipt of TSXV acceptance of the agreement: 100,000 common shares (issued)
- On the first anniversary of the agreement: 150,000 common shares (34,865 common shares of Advantage were issued)
- On the second anniversary of the agreement: 250,000 common shares (issued)

Clayton NE is subject to a 3% GOR. On the third anniversary of the agreement, the Company has the right to purchase 1% of the GOR for US$1,000,000.

Exploration in 2016 and 2017 consisted of geophysical surveying and drilling in 6 boreholes, which encountered significant lithium content in brines, with the highest-grade results obtained in the Lower Aquifer System with peaks up to 322 mg/l lithium (332.31 to 338.46 metres), and in the deeper Lower Gravel Aquifer, with peaks up to 316 mg/l (504.62 to 510.77 metres).

On December 6, 2017, the Company announced completion of the sale of Clayton NE to Pure Energy Minerals Ltd. (for details, see following discussion: "*Option Agreement - Advantage Lithium Corp.*"

Aquarius

Aquarius consists of 90 unpatented placer claims totaling 1,800 acres (728 hectares) located in the Clayton Valley, approximately 3 miles (5 kilometres) southwest of the Silver Peak Mine. Nevada Sunrise owns a 100% interest in Aquarius with no applicable royalties. Aquarius was acquired by staking in January and May 2016 following a review of the results of proprietary gravity surveys carried out by a geological team led by Dr. John Oldow of the University of Texas, Dallas, which outlined a significant gravity low indicative of a deep, faulted sub-basin. Seven additional contiguous claims were staked at Aquarius in March 2017.

A follow-up time domain electromagnetic ("TDEM") survey carried out by Nevada Sunrise in March 2016 detected conductive horizons at depths ranging between 250 and 450 metres in the western portion of the property. Nevada Sunrise has received a permit from the BLM for a drill program to test for lithium brines at Aquarius.

No exploration work was carried out on Aquarius in 2017.

Water Right – Clayton Valley

On January 25, 2016, the Company entered into a letter agreement for an option to purchase a water right in the Clayton Valley, Nevada. The pre-existing water right allows for 1,770 acre/feet of water use for mining and milling per year (the "Permit"). In consideration for the option to purchase the Permit, the Company agreed to pay the vendors a combination of cash, common shares and share purchase warrants on the following schedule:

Date of Payment	Cash	Common Shares	Share Purchase Warrants
March 30, 2016	US$125,000 (paid) (1)	200,000 (issued with a fair value of $36,000) (1)	2,250,000 (issued) (1)
December 21, 2016	US$150,000 (paid) (2)	250,000 (issued with a fair value or $67,500) (2)	n/a
December 21, 2017	US$175,000 (3)	300,000 (3)	n/a
December 21, 2018	US$200,000	350,000	n/a
December 21, 2019	US$300,000	400,000	n/a
December 21, 2020	US$350,000	500,000	n/a
Total	US$1,300,000	2,000,000	2,250,000

The 2,250,000 share purchase warrants were issued during the year ended September 30, 2016, with the following terms:

Number of Warrants	Exercise Price	Expiry Date
750,000	$0.50	March 30, 2018
750,000	$0.70	March 30, 2019
750,000	$1.00	March 30, 2020

Water Right – Clayton Valley – (cont'd)

Pursuant to amending agreements dated January 6, 2017 and December 13, 2017, the Company will receive the following if the water right (currently the subject of litigation over a ruling of forfeiture) is forfeited:

(1) US$62,500 of this cash payment, the 200,000 common shares and the 2,250,000 share purchase warrants will be refundable to the Company should the Company's ability to use the water rights to its fullest extent be restricted by any regulation or statute.
(2) US$75,000 of this cash payment and the 250,000 common shares issued will be refundable to the Company should the Company's ability to use the water rights to its fullest extent be restricted by any regulation or statute.
(3) The Company made a cash payment of US$87,500 and issued 300,000 common shares both of which are refundable to the Company should the Company's ability to use the water rights to its fullest extent be restricted by any regulation or statute.

Nevada Sunrise acquired the Permit prior to commencing exploration for lithium brines in the Clayton Valley, and the Company believes that the acquisition of water rights is a prerequisite for future lithium brine resource development in the area. In December 2015, Nevada Sunrise received a written appraisal from an independent appraiser certified in the state of Nevada, which valued the rights at US$1.42-million. According to the appraisal report, the Clayton Valley basin is currently "over-appropriated" and any new application for water use in an over-appropriated basin would be carefully reviewed by the Nevada Division of Water Resources ("NDWR"). It is uncertain if any new applications for water rights would be granted in the Clayton Valley.

On March 16, 2016, Nevada Sunrise entered into a definitive water right purchase agreement and on March 29, 2016, the Company received TSXV acceptance of the agreement.

In addition to the above, the definitive water right purchase agreement included the following terms:

- If within 10 years after the execution of the agreement, the Company sells the Permit to a third party, the vendor will receive 50% of the proceeds of such sale, less the amounts already paid to the vendor in cash and common shares, with the common shares valued by way of a 20 day volume weighted average price (the "VWAP"), with the VWAP to begin following the day the 4 month hold has expired for each tranche of common shares released. Upon a sale of the Permit in total to a third party, the Company's obligations under the agreement will terminate.

- The payment of US$75,000 and 200,000 common shares made upon execution of the agreement will be refundable to the Company within the first year from the date of execution of the letter agreement should the Company's ability to use the Permit to its fullest extent be restricted by any regulation or statute.

- The Company will have the right to accelerate the timing of cash payments and common share payments to the vendor, at its discretion.

Water Right – Clayton Valley – (cont'd)

Protests of Nevada Sunrise Water Rights Transfer Application

On April 22, 2016, Nevada Sunrise filed an application to transfer the Permit from its current location in the adjacent mountain range to a location due east on the desert floor within the boundaries of the Company's Aquarius project. The proposed place of use and point of diversion lies approximately five kilometres (three miles) from the town of Silver Peak and Albemarle's Silver Peak lithium mine and eight kilometres (five miles) from its nearest lithium brine production well.

On April 29, 2016, Albemarle filed a protest with the NDWR against the Application. In the exhibits to its protest Albemarle contends that:

- the Application is deficient and does not specify how lithium brine will be developed or processed;
- based on Albemarle's information and belief the Permit has been forfeited due to a lack of beneficial use in the last 5 years;
- State law precludes a conversion of groundwater from "fresh water aquifer" to "brine aquifer";
- the applicant lacks financial ability and any reasonable expectation to construct a processing plant, the design of which is not yet known or proven;
- reinjection of spent fluids following the extraction of lithium from brines is similar to fracking and would have unknown effects upon the unstructured playa system and near bedrock injection;
- the application would conflict with the existing and permitted and certificated groundwater rights of Albemarle, with adverse impacts such as lowering of the groundwater, dilution of the brine ore body rendering it useless, causing Albemarle a loss of efficiency and destruction of the lithium ore deposit;
- no mine permits have been obtained by the applicant;
- there is no available water for the Application and additional consumption would exceed the safe yield for the Clayton Valley basin;
- the applicant is speculating on the success of the Application;
- the contemplated method of recovery is extremely high in energy use and environmentally unsound, and will cause pollution to the brine aquifer.

On June 7, 2016, a protest was filed by Esmeralda County (the "County") with the NDWR against the Application. The protest by the County states that:

- it is concerned that additional pumping will induce saline groundwater from the valley floor aquifer into the area of municipal fresh water wells used by the community of Silver Peak;
- drawdown induced from proposed pumping may be detrimental to the operation of the County's wells and could cause level of land subsidence that are damaging to existing County facilities;
- insufficient details are provided of the proposed mining and milling operation and use of groundwater;
- the magnitude of the temporary water right transfer should be limited to only a small duty necessary to undertake testing;
- assurances be made that the fresh water relied upon by the County will not be detrimentally impacted.

Water Right – Clayton Valley – (cont'd)

In July 2016, Nevada Sunrise engaged Nevada legal counsel for representation and sought a hearing with the NDWR to make a formal response to the protests to the Application by Albemarle and the County.

On December 1, 2016, Nevada Sunrise received written notice that the NDWR had issued a ruling of forfeiture against the Company's water right, citing a lack of beneficial use for a period of five years. The Company filed an appeal against the forfeiture in late December 2016, and intends to present evidence of beneficial use of the water right in its appellate briefs and at a hearing on the matter in the fall of 2017.

The Application and protest documents can be accessed on the NDWR website at http://water.nv.gov/data/permit/permit.cfm?page=4&app=86141T

On November 29, 2016, the State Engineer's office of the Nevada Division of Water Resources ("NDWR") issued a ruling of forfeiture against the Permit, citing lack of beneficial use for a period of five years. The Company filed an appeal on December 29, 2016 with the NDWR and subsequently presented evidence of beneficial use of the Permit in its appellate briefs.

A hearing was held on December 21, 2017, at which the judge ruled that the court had the jurisdiction to hear the Company's appeal. The Company must reply to the State Engineer's and Albemarle's Answering Briefs by February 22, 2018. The hearing for the Company's appeal of the forfeiture of the Permit is scheduled for April 5, 2018.

Jackson Wash

The Company owns a 100% interest in the Jackson Wash lithium exploration property located in the Jackson Valley to the southeast of the Clayton Valley, Esmeralda County, Nevada. Jackson Wash is subject to a 3% gross GOR. On the third anniversary of the agreement, the Company has the right to purchase 1% of the GOR for US$1,000,000.

Jackson Wash is situated on a flat, desert basin having the potential to host lithium brine deposits in aquifers beneath the valley floor. Nevada Sunrise is not aware of any modern exploration or drilling for lithium-bearing brines at Jackson Wash. As of the date of this document, Jackson Wash consists of 92 unpatented placer claims totaling 1,840 acres (744.6 hectares) and is located on the east side of the Montezuma Range 20 miles (30 kilometres) southeast of the Silver Peak lithium brine mine.

Historical exploration on the property in 2011 discovered widespread deposits of obsidian fragments on the valley floor, possibly derived from tertiary felsic rhyolite and tuff volcanic rock units present in the Montezuma Range to the north and west of Jackson Wash. Fragments at six locations were sampled and returned lithium values ranging from 97.3 ppm lithium to 117 ppm lithium (R. M. Allender Jr., 2011). Weathering of the felsic volcanic rocks containing lithium is believed to be the source of lithium contained in subterranean brines.

Jackson Wash – (cont'd)

The results of a detailed gravity survey and two CSAMT lines surveyed in 2011 by a previous operator were interpreted as a layered sequence of unconsolidated, saturated alluvial sediments filling a deep basin beneath the valley floor. The Jackson Wash basin is believed to be related to north-south basin and range fault systems. Drilling and sampling of the sediments and groundwater in the interpreted basin are the next steps in the exploration process for Jackson Wash.

In February 2016, Nevada Sunrise received approval from the BLM to drill up to 10 exploration holes over a two-year period. The Company plans to test the Jackson Wash basin with a three-to-four-hole drill program to at least 400 metres deep to test specific structural and stratigraphic targets believed prospective for lithium brine deposits.

The Company agreed to pay the following consideration to the vendors on TSXV acceptance (received) of the agreement and on subsequent anniversaries of the agreement:

- On receipt of TSXV approval of the agreement: 100,000 common shares (issued)
- On the first anniversary of the agreement: 150,000 common shares (32,887 common shares of Advantage issued)
- On the second anniversary of the agreement: 250,000 common shares (issued)

In September 2016, Nevada Sunrise completed a ground TDEM survey at Jackson Wash to better define conductive zones outlined by the historical CSAMT surveys. The TDEM survey confirmed the CSAMT results and provided valuable information for drill targeting.

In June 2017, a borehole was drilled at Jackson Wash to a depth of 826 metres (2,710 feet) through interbedded sequences of sand, gravel, and clay. Hot fresh water was encountered in the borehole reaching a temperature of approximately 41 degrees C. (106 degrees F.) but no brines were detected.

Gemini

Nevada Sunrise acquired a 100% interest in the Gemini lithium exploration property ("Gemini") located in the western Lida Valley, Esmeralda County, Nevada by claim staking in the months of November and December 2015. Gemini is located 6 miles (10 kilometres) east of the town of Lida, Nevada and consists of 134 placer claims totaling 2,680 acres (1,084.6 hectares) in the Gemini West area. The Gemini West and (former) Gemini East claim areas are separated by a Solar Energy Reserve administered by the BLM. Placer and mining claims are prohibited within the Solar Energy Reserve.

The Lida Valley is a flat, desert basin with a similar geological setting to the Clayton Valley basin which hosts the Silver Peak mine 40 kilometres (26 miles) to the northwest. Previous ground gravity surveys in the Lida Valley area were widely-spaced and limited in scope, however in 2012 and 2013 a geological research team led by Dr. John Oldow of the University of Texas, Dallas collected approximately 500 gravity measurements along 7 transects crossing the Lida Valley.

Gemini – (cont'd)

The detailed gravity survey results indicate significant gravity lows within two, faulted sub-basins approximately 7 kilometres (4.5 miles) apart, each interpreted to be hundreds of metres deep. Nevada Sunrise made the decision to acquire claims covering the available land after reviewing the geophysical results in conjunction with favourable local geology, namely late Miocene felsic volcanic tuffs adjacent to Gemini. These rocks provide the source of lithium for trapped, lithium-rich saline ground-waters (brine) within the sub-basins.

Two separate follow-up TDEM surveys over Gemini West and Gemini East carried out in early 2016 by Nevada Sunrise have each detected conductive zones within the sub-basins interpreted to represent conductive brines at depth located well below the non-conductive sediments at and near surface. Nevada Sunrise has received a permit from the BLM for a drill program to test for lithium brines at Gemini.

On January 20, 2016, the Company entered into an interim agreement with Eureka Resources Inc. ("Eureka"), a public company with directors and officers in common with the Company, to sell a 50% participating interest in the Gemini. The interim agreement was subject to the satisfaction of certain conditions and approvals all of which were met. The agreement was a non-arm's length transaction under TSXV policies. The non-independent directors abstained from voting on the agreement.

Pursuant to the terms of the interim agreement, Eureka had the right to acquire a 50% participating interest in Gemini by reimbursing the Company for 50% of the Gemini acquisition and evaluation costs ($96,794 received). In addition, Eureka would issue the Company 500,000 common shares, with 300,000 shares to be issued on receipt of regulatory acceptance of the agreement and 200,000 to be issued on the first anniversary of such acceptance.

On May 4, 2016, the companies signed an addendum to the interim agreement in which they agreed that the companies had completed their due diligence review on Gemini and that in the event that one of the companies divests of its 50% interest in Gemini, the remaining company would become the operator at Gemini by default.

On June 6, 2016, the companies received TSXV acceptance of the interim agreement and its addendum and Eureka issued 300,000 common shares with a fair value of $28,500 to the Company.

On September 21, 2016, the Company entered into a definitive joint venture agreement with Eureka, with both parties' initial participating interests at 50% each. On June 6, 2017, the Company received 200,000 common shares of Eureka with a fair value of $11,000.

Option Agreement - Advantage Lithium Corp.

On June 20, 2016, Nevada Sunrise announced a letter of intent ("LOI") to grant an option to Advantage to earn working interests in five of its lithium exploration projects located in Esmeralda County, Nevada. Advantage also has an option to acquire the Company's Clayton Valley water right by assuming the Company's financial obligations related to its purchase of the Permit.

Advantage was granted the option (the "Initial Option") to earn the following interests in the Jackson Wash, Clayton NE, Aquarius properties (collectively, the "Optioned Projects", or the "Projects") and the Gemini property, as follows:

- 51% of Nevada Sunrise's interest in Jackson Wash (subject to the Jackson Wash underlying option);
- 51% of Nevada Sunrise's interest in Clayton NE (subject to the Clayton NE underlying option);
- 51% of Aquarius (subject to Nevada Sunrise retaining a 3% GOR for divesting its interest); and
- 50% of Gemini (subject to the terms of the joint venture agreement with Eureka and to Nevada Sunrise retaining a 2% GOR for divesting its interest).

Initial Option Consideration

Advantage could earn up to a 51% working interest from Nevada Sunrise in the Optioned Projects if Advantage makes the following cash and share payments to Nevada Sunrise and incurs exploration expenditures at the Projects as follows:

1. Cash payments totaling CDN$600,000 as follows (the "Cash Payments"), which includes a non-refundable cash payment of CDN$100,000 due upon execution of the LOI (paid), and an additional cash payment of CDN$500,000 (paid) upon receipt of TSXV acceptance of the LOI (the "Effective Date");

2. Issuing common shares of Advantage (the "Consideration Shares") equal to 4.9% of the issued and outstanding common shares of Advantage (issued), such percentage to be calculated on the day following the completion of the next equity financing by Advantage totaling not less than CDN$2.0 million (the "Issuance Date"). The Consideration Shares shall be issued to Nevada Sunrise on the Issuance Date, but subject to hold periods expiring as follows:

- 25% of the Consideration Shares shall be released from the hold period ("Released") on the later of the Issuance Date and the Effective Date;
- 25% of the Consideration Shares shall be released on the date that is 12 months after the Effective Date;
- 25% of the Consideration Shares shall be released on the date that is 18 months after the Effective Date; and
- 25% of the Consideration Shares shall be released on the date that is 24 months after the Effective Date.

Option Agreement - Advantage Lithium Corp. – (cont'd)

3. Within 24 months of the Effective Date, completing minimum exploration expenditures of CDN$1,500,000 on the Projects (the "Initial Expenditures"), such Initial Expenditures to include claim maintenance fees for all of the Projects that are or become payable to the BLM and Esmeralda County.

Advantage completed all of the payments to an underlying property owner, the Cash Payments, issued the Consideration Shares, and completed the Initial Expenditures, thereby earning a 51% interest in the Optioned Projects.

The Second Option

If Advantage has exercised the Initial Option, Advantage will have the right to increase its interest in the Optioned Projects to a 70% interest, by completing, within 48 months of the Effective Date, exploration expenditures totaling C$3,000,000 (which includes the Initial Expenditures). Thereafter, the parties will form a joint venture with Advantage holding a 70% interest, and Nevada Sunrise holding a 30% interest, for the purposes of the further development of the Optioned Projects.

Gemini Option

A definitive agreement provided that the Parties will agree to make the expenditures required to be made by Nevada Sunrise in order for Nevada Sunrise to maintain its interest in the Gemini joint venture with Eureka, with any such expenditures being deemed to be Initial Expenditures. Provided that Advantage has made sufficient expenditures to maintain Nevada Sunrise's interest in the Gemini joint venture, upon exercise of the Initial Option by Advantage, the Company would assign to Advantage Nevada Sunrise's interest in the Gemini joint venture in consideration for a 2% GOR in the same form as that provided by Nevada Sunrise to the underlying vendor in the Neptune property agreement.

Neptune Option

Nevada Sunrise granted Advantage the right to earn up to a 50% interest in Neptune, subject to:

- Resolve waiving its right to earn a further 25% interest in Neptune;
- Nevada Sunrise, Resolve and Advantage entering into an amending agreement to the Neptune agreement with Resolve on terms acceptable to all three parties;
- Advantage incurring exploration expenditures of CDN$700,000 on Neptune; and Advantage exercising the Initial Option.

Expenditures made by Advantage on Neptune will be included as part of the calculation of total expenditures required to be made to earn its interest in the Projects. Following the expenditure of $700,000 by Advantage, a joint venture would form between Advantage (50%), Nevada Sunrise (25%) and Resolve (25%), on the terms set out in the current agreement Nevada Sunrise holds with Resolve.

Aquarius Royalty

Upon formation of a joint venture, the joint venture would grant to Nevada Sunrise a 3% GOR on Aquarius.

Option Agreement - Advantage Lithium Corp. – (cont'd)

Exploration Expenditures

Excess exploration expenditures incurred in any one period shall be credited to expenditures requirements in the following period. The expenditures may be accelerated at any time at the sole option of Advantage and its interests acquired earlier. During the period that Advantage is incurring exploration expenditures:

- Advantage shall be the operator on the Projects and shall have the right to determine budgets and exploration programs for the purposes of completing exploration expenditures; and
- Nevada Sunrise shall be the manager of all exploration programs on the Projects and will be entitled to charge a fee of 10% on all exploration expenditures.

Underlying Payments

In order to maintain the Initial Option and the Second Option, Advantage assumed responsibility for all government and contractual maintenance costs and all payments required to maintain the Projects and underlying agreements in good standing.

Discontinuance of Optioned Projects by Advantage

On August 11, 2017, Advantage gave notice to the Company that it wished to discontinue its option on the Neptune, Jackson Wash, Aquarius and Gemini lithium projects. Advantage owned a 51% interest in the Clayton NE project, which consists of the Clayton NE claims and the Triton claims. Advantage earned a 70% interest in Clayton NE by paying the Company $290,539 in lieu of additional in exploration expenditures.

Sale of Clayton NE to Pure Energy Minerals Limited

On November 8, 2017, Nevada Sunrise announced that the Company and its exploration partner Advantage (the "Vendors") had signed an asset purchase agreement (the "Agreement") to sell Clayton NE to Pure Energy Minerals Limited (TSXV: PE) ("Pure Energy").

The agreed purchase price for Clayton NE was 7,000,000 common shares of Pure Energy (the "PE Shares"). The PE Shares will be issued to the Vendors by Pure Energy on closing of the transaction (the "Closing"), which is expected to occur on or before November 30, 2017. Prior to Closing, Advantage agreed to fully exercise its option to earn a 70% participating interest in Clayton NE. At Closing, Nevada Sunrise received 2,100,000 PE shares, representing its 30% interest in Clayton NE, and Advantage Lithium received 4,900,000 PE shares.

On December 6, 2017, the Company announced the completion of the sale of Clayton NE to Pure Energy.

Option Agreement - Advantage Lithium Corp. – (cont'd)

The Vendors have agreed to voluntary restrictions on the trading of the PE Shares for a period of 27 months, with partial quarterly releases commencing after 18 months. In addition, the Vendors have agreed that for a period of 24 months following closing, they will vote their respective PE Shares at meetings of shareholders of Pure Energy in favour of all matters proposed by Pure Energy's management. Pure Energy has agreed to assume a 3.0% gross overriding royalty and certain other obligations of Nevada Sunrise pursuant to an underlying option agreement.

Water Rights

Intor, a wholly-owned subsidiary of Nevada Sunrise, holds a 100% interest in the Permit, subject to the terms of a water rights purchase agreement between Robert E. Mori ("Mori"), Nevada Sunrise and Intor dated March 15, 2016, which was assigned by Mori in April 2016 to Dedicated Mining Technology, Inc.

To date, Nevada Sunrise has paid US$362,500 of an agreed purchase price of US$1,300,000, issued 750,000 common shares of an agreed 2,000,000 shares to be issued (the "Water Rights Share Payments") and issued 2,250,000 share purchase warrants exercisable at $0.50, $0.75, and $1.00 over a 4-year period.

Nevada Sunrise has granted to Advantage the option to acquire a 100% interest in the Permit (the "Water Rights Option"), exercisable for a period of 120 days after the later of the date that Advantage exercises the Initial Option, and the date that the Nevada State Engineer approves the application to transfer the Place of Use and Point of Diversion of the Permit to the Aquarius property.

In order to maintain the Water Rights Option, Advantage shall:

- Make all Water Rights Cash Payments required to be made after the date of this LOI and until the exercise of the Water Rights Option;
- Pay all legal and other costs associated with the application to transfer the Place of Use and Point of Diversion of the Permit; and
- Pay all legal and other costs required to maintain the Permit.

In order to exercise the Water Rights Option, Advantage shall pay Nevada Sunrise an amount equal to the sum of:

- The Water Rights Cash Payments made by Nevada Sunrise prior to the grant of the Water Rights Option;
- The value of the Water Rights Share Payments made by Nevada Sunrise before the exercise of the Water Rights Option (which shall be established by multiplying the number of Nevada Sunrise shares issued by the 20-day volume weighted average price immediately prior to the date such Water Rights Share Payments were made);
- The legal and other costs incurred by Nevada Sunrise to acquire and make the application to transfer the location of the Permit; and
- USD$200,000, payable in cash or a calculated value in shares, at Advantage's option (the "Water Rights Option Payment").

Option Agreement - Advantage Lithium Corp. – (cont'd)

After exercise of the Water Rights Option, Advantage shall be solely responsible for making all remaining Water Rights Cash Payments and Water Rights Share Payments.

On August 26, 2016, the Company closed its transaction with Advantage. On closing, the Company received $500,000 and 2,071,447 common shares of Advantage subject to the hold periods as detailed in the Initial Option Consideration above. The share issuance represented 4.9% of the issued and outstanding shares of Advantage and had a fair value of $1,139,296.

The option of the Permit and the right to earn an interest in the Neptune property are governed by separate agreements among the Company, Advantage, and the water right vendor (with regard to the Permit) and Resolve Ventures Inc. (with regard to the Neptune property).

As a result of the NDWR ruling of forfeiture of the Permit, and the subsequent appeal filed by Nevada Sunrise, the Company's ability to use the water right is uncertain, and consequently the Company and Advantage have re-negotiated the water rights option agreement. Advantage now retains the right to the Permit, subject to repayment by Advantage of the Company's legal costs accrued since January 2017 for defending its water right, plus a 20% surcharge, should the forfeiture be reversed.

Atlantis

The Company owns a 100% interest in the Atlantis lithium exploration property ("Atlantis") located in Fish Lake Valley, Esmeralda County, Nevada. Atlantis is subject to a 3% GOR with an underlying vendor. On the third anniversary of the agreement, the Company has the right to purchase 1% of the GOR for US$1,000,000.

Atlantis consists of unpatented placer association claims totaling 2,882 acres (1,166 hectares) located 25 miles (38 kilometres) northwest of the Silver Peak lithium brine mine. A 1.5-mile (2.25-kilometre) area of interest applies to the property.

The Company agreed to pay the following consideration to the vendor on TSXV acceptance of the agreement and on subsequent anniversaries of the agreement:

- On receipt of TSXV acceptance of the agreement: 100,000 common shares (issued)
- On the first anniversary of the agreement: 150,000 common shares (issued)
- On the second anniversary of the agreement: 250,000 common shares (issued)

Nevada Sunrise made the decision to acquire Atlantis after a review of geological mapping that shows the presence of lithium-bearing rocks in the ranges draining into the property, and historical ground gravity data that show a distinct gravity low in the heart of the Atlantis claims. Nevada Sunrise believes that the interpreted gravity low indicates the presence of a deep, sub-basin that could host lithium-bearing brines. Geophysical exploration at Atlantis in the form of detailed gravity and electromagnetic surveys would assist in determining if conductive brines are present at depth, followed by exploratory drilling of interpreted geophysical targets.

As part of a regional lithium exploration program, the US Geological Survey reported in Open File Report 81-962 (1981) that historical drill hole FL-11a is located outside the eastern boundary of the property, three miles (4.5 kilometres) east of the centre of the interpreted sub-basin. Hole FL-11a was drilled to a depth of 450 feet (147 metres) and encountered lithium values in sediments ranging from 10 parts per million to 115 ppm and averaging 61.7 ppm for 67 samples analyzed. Lithium in sampled ground water ranged from trace at the end of the hole to 21 ppm at a depth of 55 feet (18 metres). Nevada Sunrise believes that drilling deeper holes at Atlantis within the area of the interpreted sub-basin could intersect aquifers potentially hosting trapped brines with higher contents of lithium than were encountered in the relatively shallow USGS hole drilled to the east of the gravity low anomaly. Also reported in USGS Open File Report 77-54 (1977) was the collection of 10 surface brine samples with lithium contents ranging 37 to 350 milligrams per litre (ppm), and averaging 159 mg/l to the north of the sub-basin.

Option Agreement - American Lithium Corp

On March 14, 2016, the Company entered into a property option agreement with a private company for an option to earn an 80% interest in Atlantis. The private company or its successor or assignee has the option to earn an 80% interest in Atlantis by making payments of cash and common shares to the Company, by incurring exploration and evaluation expenditures on the property and by meeting certain other conditions, as follows:

Atlantis – (cont'd)

- US$48,050 to reimburse the Company for all its expenditures incurred related to the acquisition of Atlantis (paid);
- $100,000 on receipt of satisfactory evidence of the recording of additional claims staked by the Company at Atlantis (paid);
- US$1,000,000 in exploration and evaluation expenditures on the property, consisting of US$100,000 on or before the first anniversary of the agreement, an additional US$250,000 on or before the second anniversary of the agreement and an additional US$650,000 on or before the third anniversary of the agreement;
- Completion of a going-public transaction (on May 6, 2016, the private company was acquired by American Lithium Corp., a TSXV-listed company);
- 1,250,000 common shares of American Lithium Corp. issued to the Company, with 250,000 common shares issuable on closing (issued), 500,000 common shares issuable on or before March 21, 2018 and 500,000 common shares issuable on or before March 21, 2019. All the common shares will be subject to no more than a four month hold period from their date of issue.

In May 2016 that option was assumed by American Lithium Corp.

Should American Lithium Corp. not make future common share payments to the Company or not incur the required exploration and evaluation expenditures, the property option agreement will terminate without notice. Any shortfalls in exploration expenditures in any year may be paid to the Company in cash to keep the option in good standing. Any excess amounts of exploration expenditures incurred in a year can be applied to future years.

<u>*2016 Exploration*</u>

In June 2016, Dr. John Oldow was retained to expand on the gravity model initiated by Nevada Sunrise. Additional gravity data was collected by American Lithium Corp. and the model was updated with the new data. Concurrent with the geophysical work, a permit application was made with the BLM to drill up to five drill holes on the Atlantis property. A sonic drill was chosen due to its ability to drill up to 500 feet, take continuous core, and cleanly sample ground water. In late August 2016, hole N-16-5 was drilled to approximately 490 feet in depth, encountering various horizons of sand, gravel and clays. Field resistivity monitoring indicated that the water encountered during the drilling was fresh. American Lithium Corp. has advised the Company that deeper drill holes are planned for Atlantis.

John R. Kerr, P.Eng., and Robert M. Allender, Jr., CPG, RG, SME are the Company's designated qualified persons for the Company's lithium projects within the meaning of NI 43-101 and have reviewed and approved the technical information contained in this MD&A.

Lovelock Cobalt Mine

On November 21, 2017, Nevada Sunrise announced a letter agreement to acquire a 100% interest in the Lovelock Cobalt Mine (the “Lovelock Mine”), located in Churchill County, approximately 100 miles (150 kilometres) east of Reno, Nevada.

The Lovelock Mine property area consists of 70 unpatented claims in the Cottonwood Canyon area of Stillwater range totaling approximately 1400 acres (567 hectares). It was discovered by George Lovelock and Charles Bell about 1880. According to U.S. Government annual reports, the Lovelock Mine saw limited production of nickel, copper and cobalt beginning in 1883. The primary cobalt mineral was identified as “cobaltite”, a compound of cobalt, nickel and arsenic. Records of a geochemical analysis from that era indicate that the average composition of the cobaltite contained 17.30% cobalt and 13.62% nickel. The mine operated from 1883 to 1890 to the 100-foot level, reporting 500 tons of cobalt and nickel mineralized material shipped to England for processing. After intermittent production, an English company attempted smelting on site in 1898 but little or no production was made (Source: “Mineral Resources of the United States for 1885”, 1886). No further production from the Lovelock Mine is known for well over a century.

Terms of the Definitive Agreement

On December 29, 2017, the Company announced the execution of a definitive agreement (the “Agreement”) to acquire a 100% interest in the Lovelock Mine.

The terms of the Agreement provide for the Company to earn a 100% interest in the Property in consideration for cash payments and common shares payments to an underlying vendor (the “Vendor”) payable over 3 years from the signing of the Agreement, subject to a 2.0% net smelter returns royalty (“NSR”), as follows:

- A $3,000 cash payment for an exclusive due diligence period (paid);
- On the later of TSX Venture Exchange (“TSXV”) approval and signing of the Agreement: $15,000 (paid) and 200,000 common shares of the Company (issued);
- 1st Anniversary: $20,000 in cash and 200,000 common shares of the Company;
- 2nd Anniversary: $25,000 in cash and 250,000 common shares of the Company;
- 3rd Anniversary: $30,000 in cash and 300,000 common shares of the Company.

Nevada Sunrise will have the right to accelerate the timing of cash payments to the Vendor at its discretion. On or before the 10th anniversary of the execution of the Agreement, Nevada Sunrise shall have the right to purchase 50% of the NSR (i.e., 1% NSR interest) for US$1,500,000. An area of interest applies to the current boundaries of the Property.

Geology and Mineralization of the Lovelock Mine

The rocks of the Lovelock Mine area include highly altered sedimentary and volcanic rocks cut by a larger mass of diorite and by aplitic dikes, all of which are now highly altered. The altered volcanic rocks lie in a syncline bordered on the west, north and east by the altered sedimentary rocks. Probable faults, inferred from the nature of the contacts, form the boundaries between the sedimentary and volcanic rocks northwest of the Lovelock Mine.

Lovelock Cobalt Mine – (cont'd)

The cobalt and nickel minerals of the Lovelock Mine and the nearby Nickel Mine occur in stringers that cut the rock immediately surrounding the diorite. In the case of the Lovelock Mine, the stringers cut a highly-altered greenstone. The minerals recognized are tetrahedrite, erythrite (cobalt bloom), azurite, and green crusts that contain copper and nickel arsenates and sulphates. Other sources reported the principal mineral present is cobaltite. It was postulated by historical observers that there has been post-mineral faulting with downthrow on the west, and that the extension of the productive zone is west of the Lovelock Mine shaft and at greater depth than the historical workings could reach (Source: "Nickel Deposits in Cottonwood Canyon, Churchill County, Nevada", H.G. Ferguson, 1939).

On January 18, 2018, Nevada Sunrise announced the results of an initial geochemical rock sampling program and a reconnaissance geophysical survey carried out by the Company at the Lovelock Mine.

Nevada Sunrise carried out two site visits to the Lovelock Mine in November and December 2017 and collected representative grab rock samples of historical mine waste, and various bedrock samples in the areas of other nearby historical adits. The analytical results of several of the rock samples show strong enrichment in cobalt, nickel and copper, and other metals, as shown in the highlights below:

Sample	Location	Cobalt (%)	Nickel (%)	Copper (%)	Zinc (%)	Silver (g/t)	Gold (g/t)
LCoR-5	Lovelock Mine adit	1.81	3.05	0.65	0.03	32	0.01
LCoR-7	Lovelock Mine waste	0.41	0.22	4.91	0.10	48	trace
LCoR-4	Lovelock Mine waste	0.21	1.64	5.99	0.04	68	0.52
LBP-06	Lovelock Mine waste	0.12	0.32	1.46	0.22	379	0.98
LBP-05	Lovelock Mine waste	0.10	0.35	trace	0.03	trace	trace
LCoR-6	Lovelock Mine waste	0.09	0.14	1.76	0.04	15	trace
LL-004	Lovelock Mine waste	0.08	0.09	1.26	0.03	16	trace

Geochemical analyses were performed by Bureau Veritas with a 53-element analytical package by ICP-MS after modified aqua regia digestion, following sample crushing and preparation in the Bureau Veritas, Reno, Nevada facility. Overlimit samples were reanalyzed by ICP-ES by HNO3-HCl acid digestion.

Geophysical Survey

In December 2017, an initial 4.2 kilometre (2.6 miles) reconnaissance DC resistivity/induced polarization ("DC-IP") survey by SJ Geophysics of Delta, BC, consisting of stations spaced 25 to 50 metres (80-160 feet) apart on five lines was completed across the Lovelock Mine area. This DC-IP survey is projected to have a depth of investigation deeper than the mining to the 100-foot level reported in the 1880s.

The results of the survey not only detected the historic, near-surface mine workings and interpreted alteration but also show chargeability features related to structure and possible mineralization to a depth from surface of approximately 200 metres (656 feet).

Nevada Sunrise intends to apply to the U.S. Bureau of Land Management for an exploration permit within the next 30 days, and plans a first-pass drilling program in the spring of 2018 on the targets defined to date.

Boyer Mine

On February 26, 2018, the Company executed an option agreement to purchase a 100% interest in the Boyer Mine copper property. The Boyer Mine property is contiguous to the Treasure Box copper property, in which Nevada Sunrise has the right to purchase a 100% interest under its area of interest agreement with the vendor of the Lovelock Cobalt Mine. Each of the properties are located in the Stillwater Range of Churchill County, approximately 100 miles (150 kilometres) east of Reno.

The Boyer Mine property consists of seven patented claims (Azurite, Gardner, Nevada Queen, Colorado King, Mammoth, Lulla B and Snipe) covering an area of approximately 140 acres (56.7 hectares). Included in the option agreement are three non-contiguous patented claims (Lida G, Copper Glance and Maggie W) west of the Boyer Mine designated as the Copper Glance claim group covering an area of approximately 64.7 acres (26.2 hectares), and one isolated patented claim (Flora May) covering approximately 20.7 acres (8.4 hectares), all located in Churchill County, Nevada.

Nevada Sunrise may acquire a 100% interest in the Boyer Mine property subject to a 1% NSR in consideration for cash payments totaling US$2,500,000, as described below:

- A non-refundable US$5,000 payment paid by Nevada Sunrise as a pre-option payment for an exclusive 45-day period during which Nevada Sunrise will conduct due diligence on the Property and shall receive and review a technical report for the Property dated March 1, 2016;
- Within 5 business days following the receipt by Nevada Sunrise of a fully-executed definitive agreement: US$20,000;
- On or before January 1, 2019: US$30,000;
- On or before January 1, 2020: US$40,000;
- On or before January 1, 2021: US$50,000;
- On or before January 1, 2022: US$2,355,000.

Nevada Sunrise will have the right to accelerate the timing of cash payments to the vendor at its discretion. The Company may purchase half of the 1% NSR (0.5%) at any time for US$750,000.

During the option period Nevada Sunrise shall be responsible for (i) payment of the annual property taxes of approximately $660 per year, and (ii) payment of sample storage fees of approximately $1,600 per year.

The purchase of the Boyer Mine by Nevada Sunrise is subject to (i) completion of a due diligence review for up to 45 days, which may include a site visit by its geological consultants, to its sole satisfaction, and (ii) formal approval by the Board of Directors of Nevada Sunrise.

Upon the execution of a definitive agreement and receipt of the US$20,000 cash payment described above, Nevada Sunrise will receive access to a data archive and samples related to the Boyer Mine property.

Robert M. Allender, Jr., CPG, RG, SME is a designated Qualified Person for the Company within the meaning of NI 43-101 and has reviewed and approved the technical information contained in the MD&A for the Lovelock Mine project and the Boyer Mine project. Readers are cautioned that some of the technical information describing the Lovelock Mine in this MD&A is historical in nature; however, the information is deemed credible and was produced by professional geologists of the eras discussed.

SELECTED ANNUAL INFORMATION

The following table sets out selected annual financial information for the Company for the years ended:

	Sept. 30 2017 $	Sept. 30 2016 $	Sept. 30 2015 $
Revenues	Nil	Nil	Nil
Comprehensive loss	(2,486,517)	(247,194)	(973,115)
Basic and diluted loss per share	(0.06)	(0.01)	(0.07)
Total assets	4,979,267	7,177,637	4,219,371
Non-current financial liabilities	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

DISCUSSION OF OPERATIONS

The Company recorded comprehensive income of $1,487,073 for the three months ended December 31, 2017 compared to a comprehensive loss of $303,541 for the three months ended December 31, 2016.

Expenses for the three months ended December 31, 2017 were $348,409 compared to $270,656 for the three months ended December 31, 2016.

Exploration and evaluation costs were $61,881 for the three months ended December 31, 2017 compared to $59,258 for the three months ended December 31, 2016 and were allocated as follows:

	2017	2016
Golden Arrow	$ 135	$ 12,143
Kinsley Mountain	-	16,168
Roulette	4,324	34,043
Lovelock	49,108	-
Jackson Wash	4,652	(3,096)
Clayton Valley Water Rights	3,662	-
	$ 61,881	$ 59,258

DISCUSSION OF OPERATIONS – (cont'd)

Legal expenses increased to $118,474 for the three months ended December 31, 2017 compared to $8,259 for the three months ended December 31, 2016. The Company incurred significant legal expenses in the 2017 quarter related to the defense of its Clayton Valley water right.

Management fee income from Advantage Lithium Corporation for the three months ended December 31, 2016 was $31,598.

During the three months ended December 31, 2017, the Company recorded a gain on the option of five lithium properties of $290,539. The gain was comprised of a buyout payment by Advantage Lithium Corp. in lieu of the remaining exploration expenditures due under the option agreement. Advantage earned a 70% interest in Clayton NE and waived its option on the remaining four properties.

During the three months ended December 31, 2017, the Company sold its 30% interest in the Clayton NE property to Pure Energy Minerals Limited for 2,100,000 common shares of Pure Energy with a fair value of $892,500.

During the three months ended December 31, 2017, the Company sold marketable securities for proceeds of $159,930 and recorded a gain on sale of $13,130.

During the three months ended December 31, 2017, the Company recorded an unrealized gain on its marketable securities portfolio of $601,510 compared to an unrealized loss of $150,000 for the three months ended December 31, 2016. The Company adjusts its marketable securities to market at the end of each reporting period.

The Company recorded a foreign currency translation gains of $37,803 for the three months ended December 31, 2017 compared to $85,053 for the three months ended December 31, 2016. At the end of each reporting period, the Company's translates its US subsidiary's account balances and transactions into Canadian dollars and reports a foreign currency translation adjustment. As the Company's exploration and evaluation assets are denominated in US dollars, while the Company does not have significant US dollar denominated liabilities, the translation adjustment can vary widely from period to period based on fluctuations in the Canadian dollar in relation to the US dollar.

During the three months ended December 31, 2017, the Company paid an advance royalty payment of US$25,000 on the golden Arrow property. The Company also received an option payment of $32,000 from Emgold Mining Corporation which was applied against acquisition costs of Golden Arrow.

During the three months ended December 31, 2017, the Company paid an option payment of US$87,500 on its Clayton Valley water right.

SUMMARY OF QUARTERLY RESULTS

The figures for the quarters ended September 30, 2017 and 2016 are derived from the Company's audited annual consolidated financial statements. All other quarterly figures are derived from the Company's unaudited condensed interim consolidated financial statements.

	December 31 2017 $	September 30 2017 $	June 30 2017 $	March 31 2017 $
Revenues	Nil	Nil	Nil	Nil
Comprehensive income (loss)	1,487,073	(205,228)	(940,246)	(1,037,502)
Basic and diluted income (loss) per share	0.04	(0.00)	(0.02)	(0.03)

	December 31 2016 $	September 30 2016 $	June 30 2016 $	March 31 2016 $
Revenues	Nil	Nil	Nil	Nil
Comprehensive income (loss)	(303,541)	928,861	299,948	(1,215,830)
Basic and diluted income (loss) per share	(0.01)	0.03	0.01	(0.04)

Significant variances in quarterly results can be due to the following items occurring within a quarter:

- higher than normal exploration and evaluation costs
- property option payments received
- large fluctuations in the Canadian dollar versus the US dollar
- share-based payments
- large fluctuations in the market value of the Company's marketable securities

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations and mineral property exploration and evaluation programs to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity, debt financing and the sale or joint venture of its assets.

The Company's consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its exploration programs. The continued uncertainty in the capital markets, especially as it relates to the speculative junior mining industry may make it difficult to raise capital through the private placement of shares. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Commitments - Gold Properties

The Company's gold property interests are acquired by way of lease agreements with ongoing cash obligations.

Golden Arrow has lease and advance royalty commitments of US$50,000 per year. In addition, Golden Arrow's annual claim maintenance fees are approximately US$60,000. On July 18, 2017, the Company entered onto an option agreement with Emgold Mining Corporation ("Emgold") under which Emgold is responsible for the ongoing commitments of Golden Arrow.

The Kinsley Gold LLC joint venture company has an annual minimum exploration commitment of US$500,000 per year. Nevada Sunrise is responsible for 20.94 % of all budgeted exploration undertaken programs at Kinsley Mountain.

Nevada Sunrise and Liberty Gold approved a 2017 exploration budget for Kinsley Mountain of US$528,000. The exploration program was financed by a surety program with Argonaut Insurance Company ("Argonaut"). Under the surety program, Argonaut financed US$636,000 of a US$749,000 reclamation bond (held as collateral) posted with the Bureau of Land Management at an interest rate of 2% per annum. This financing was sufficient to cover the cost of the 2017 exploration program at Kinsley Mountain.

Commitments - Lithium Properties and Water Right

On March 16, 2016, the Company signed a definitive water right purchase agreement for the option to purchase a 100% interest in water right Permit 44411 in the Clayton Valley, Nevada. The pre-existing water right allows for 1,770 acre/feet of water use for mining and milling per year.

LIQUIDITY AND CAPITAL RESOURCES – (cont'd)

In consideration for the option to purchase the water rights, the Company agreed to pay the vendors a combination of cash, common shares, and share purchase warrants as follows:

Date of Payment	Cash	Common Shares	Share Purchase Warrants
March 30, 2016	US$125,000 (paid) (1)	200,000 (issued with a fair value of $36,000) (1)	2,250,000 (issued) (1)
December 21, 2016	US$150,000 (paid) (2)	250,000 (issued with a fair value or $67,500) (2)	n/a
December 21, 2017	US$175,000 (3)	300,000 (issued with a fair value of $45,000) (3)	n/a
December 21, 2018	US$200,000	350,000	n/a
December 21, 2019	US$300,000	400,000	n/a
December 21, 2020	US$350,000	500,000	n/a
Total	US$1,300,000	2,000,000	2,250,000

The 2,250,000 share purchase warrants were issued during the year ended September 30, 2016, with the following terms:

Number of Warrants	Exercise Price	Expiry Date
750,000	$0.50	March 30, 2018
750,000	$0.70	March 30, 2019
750,000	$1.00	March 30, 2020

Pursuant to amending agreements dated January 6, 2017 and December 13, 2017, the Company will receive the following if the water right (currently the subject of litigation over a ruling of forfeiture) is forfeited:

(1) US$62,500 of this cash payment, the 200,000 common shares and the 2,250,000 share purchase warrants will be refundable to the Company should the Company's ability to use the water rights to its fullest extent be restricted by any regulation or statute.
(2) US$75,000 of this cash payment and the 250,000 common shares issued will be refundable to the Company should the Company's ability to use the water rights to its fullest extent be restricted by any regulation or statute.
(3) The Company made a cash payment of US$87,500 and issued 300,000 common shares both of which are refundable to the Company should the Company's ability to use the water rights to its fullest extent be restricted by any regulation or statute.

LIQUIDITY AND CAPITAL RESOURCES – (cont'd)

The Company estimates the annual claim maintenance fees on its lithium properties due in August 2018 to be approximately US$60,000. As discussed earlier in this MD&A, the Company has entered into option and joint venture agreements on its lithium properties in order to reduce its exposure on the carrying costs of its lithium properties. At present, only the Atlantis lithium property is under option.

The Company estimates that the administration of its corporate affairs will cost in the order of $900,000 for the year ended September 30, 2018.

At December 31, 2017, the Company had working capital of $1,121,129. The Company will require equity financings to meet its future exploration and administrative commitments.

Financing Activities During the Three Months Ended December 31, 2017:

Finder's Warrants Exercised

- 4,200 common shares at $0.18 per share for proceeds of $756

Financing Activities During the Year Ended September 30, 2017:

Warrants Exercised

- 49,000 common shares at $0.25 per share for proceeds of $12,250.
- 50,000 common shares at $0.32 per share for proceeds of $16,000.

Finder's Warrants Exercised

- 2,000 common shares at $0.165 per share for proceeds of $330.
- 37,755 common shares at $0.18 per share for proceeds of $6,796.

Options Exercised

- 100,000 common shares at $0.19 per share for proceeds of $19,000
- 50,000 common shares at $0.22 per share for proceeds of $11,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements to report.

PROPOSED TRANSACTIONS

The Company has no proposed transactions to report.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the three months ended December 31, 2017 that had a material effect on its condensed interim consolidated financial statements. The Company's significant accounting policies are disclosed in Note 3 to its unaudited condensed interim consolidated financial statements for the three months ended December 31, 2017.

TRANSACTIONS BETWEEN RELATED PARTIES

Directors and Officers

At March 1, 2018, the directors of the Company are Warren Stanyer, Cory Kent, Michael Sweatman, Suraj Ahuja and Charles Roy. The officers of the Company are Warren Stanyer, President and CEO, Michael Sweatman, Chairman, Brent Petterson, CFO and Christina Boddy, Corporate Secretary.

Warren Stanyer received a management salary of $9,000 per month which was reduced to $3,500 per month beginning in January 2018, Brent Petterson receives accounting fees of $3,500 per month, Christina Boddy receives management fees of $2,100 per month, Michael Sweatman receives director's fees of $1,500 per month and Suraj Ahuja and Charles Roy each receive director's fees of $1,250 per month. Cory Kent is a partner at McMillan LLP, who is the Company's corporate lawyer.

The Company has determined that its key management personnel consist of its Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Board of Directors.

Remuneration attributed to key management personnel or companies controlled by key management personnel during the three months ended December 31, 2017 and 2016 is summarized as follows:

		2017		2016
Accounting fees	$	13,500	$	19,000
Management fees and salaries		40,300		54,400
Directors' fees		12,000		12,000
	$	65,800	$	85,400

The Company incurred the following charges by a law firm in which a director of the Company is a partner during the three months ended December 31, 2017 and 2016:

		2017		2016
Legal	$	11,844	$	7,347
	$	11,844	$	7,347

At December 31, 2017, the Company held 500,000 common shares of Eureka Resources Inc. (a public company with directors in common with the Company) with a fair value of $12,500.

TRANSACTIONS BETWEEN RELATED PARTIES – (cont'd)

At December 31, 2017, receivables include $22,019 (September 30, 2017 - $21,826) due from Eureka for expenditures incurred on the Gemini lithium property. In addition, at December 31, 2017, receivables include $939 (September 30, 2017 - $2,439) due from a director of the Company.

At December 31, 2017, due to related parties includes $6,957 (September 30, 2017 - $2,535) due to directors, officers and a law firm in which a director of the Company is a partner for fees and expenses.

CRITICAL ACCOUNTING ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to but are not limited to the following:

Exploration and Evaluation Assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Share-based Payments

Share-based payments expense is calculated using the Black-Scholes option pricing model as measured on the grant or issuance date to estimate the fair value of stock options and finder's warrants. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets and future income tax provisions or recoveries could be affected.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's reclamation bonds and right of way also approximate its carrying value.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2017 and September 30, 2017:

	Level 1	Level 2	Level 3
September 30, 2017:			
Cash	$ 94,913	$ -	$ -
Marketable securities	$ 711,635	$ -	$ -
December 31, 2017:			
Cash	$ 258,276	$ -	$ -
Marketable securities	$ 1,197,845	$ -	$ -

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

Credit risk

The Company's cash and cash equivalents are held with large financial institutions. The Company's receivables consist of interest receivable on guaranteed investment certificates, sales tax receivable, refundable deposits, and exploration expenses incurred on behalf of third parties.

Management believes that credit risk concentration with respect to receivables is remote. The composition of receivables is as follows:

	December 31, 2017	September 30, 2017
Sales tax receivable	$ 2,684	$ 5,599
Due from related parties	22,958	2,439
Expenses on behalf of third parties	-	31,141
	$ 25,642	$ 39,179

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had cash of $258,276 to settle current liabilities of $383,270. Management believes the Company has sufficient working capital to meet its current liabilities as they become due (see going concern discussion).

Market risk

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

a) Interest rate risk

The Company has cash balances which are not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and accrued liabilities that are denominated in US dollars.

c) Price risk

The Company is exposed 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, or ability to obtain equity financing, due to movements in individual equity prices or general movements in the level of the stock market. The Company's marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, lithium, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The Company operates in the United States and is exposed to exchange risk from changes in the US dollar. At December 31, 2017, a 10% fluctuation in the US dollar against the Canadian dollar would affect comprehensive income or loss by approximately $19,000.

A 10% fluctuation in the fair value of the Company's marketable securities would affect comprehensive income or loss by $205,900.

RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties outlined earlier in this management discussion, the Company is also subject to other risks and uncertainties including the following:

General Risk Associated with the Mining Industry

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Exploration and development activities involve risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk by maintaining a diversified portfolio of properties and a strategy of possible joint ventures with other companies which balances risk while at the same time allowing properties to be advanced.

Dependence on Key Personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for professionals are intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

Option or Lease Agreements

The Company is currently earning some of its interests in its mineral properties through option or lease agreements and acquisition of title to the property is only completed when the option or lease conditions have been met. These conditions generally include making property payments and incurring exploration expenditures on the properties and can include the completion of pre-feasibility studies. If the Company does not satisfactorily complete its option conditions in the time frame laid out in the option agreement, the Company's title to the mineral property will not vest and the Company will have to write-down the previously capitalized costs related to that property.

OUTSTANDING SHARE DATA

Number of issued and outstanding common shares at March 1, 2018 40,439,000

Options

At March 1, 2018, there were 2,832,500 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding	Exercise Price	Expiry Date
50,000	$0.50	August 29, 2018
10,000	$0.50	October 28, 2018
557,500	$0.19	January 30, 2019
650,000	$0.50	May 20, 2019
200,000	$0.50	October 8, 2019
100,000	$0.17	September 10, 2020
380,000	$0.22	November 23, 2020
100,000	$0.185	February 8, 2021
785,000	$0.37	September 6, 2021
2,832,500		

Warrants

At March 1, 2018, there were 11,366,553 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
750,000	$0.50	March 30, 2018
2,450,000	$0.32	June 16, 2018
3,593,000	$0.25	November 6, 2018
750,000	$0.70	March 30, 2019
1,105,000	$0.50	May 13, 2019
571,255	$0.30	September 18, 2019
851,823	$0.30	October 20, 2019
545,475	$0.30	February 24, 2020
750,000	$1.00	March 30, 2020
11,366,553		

OUTSTANDING SHARE DATA – (cont'd)

Finder's Warrants

At March 1, 2018, there were 47,375 finder's warrants outstanding entitling the holders thereof the right to purchase one unit for each finder's warrant held as follows:

Number of finder's warrants outstanding	Exercise Price	Expiry Date
47,375	$0.165	November 6, 2018
47,375		