NEVADA SUNRISE GOLD CORPORATION

Condensed Interim Consolidated Financial Statements

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2016 and September 30, 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	March 31, 2016	September 30, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 472,237	$ 376,054
Receivables	14,550	8,994
Prepaid expenses and deposits – Note 10	31,695	29,198
Exploration advances – Note 5 (b)	33,046	92,595
	551,528	506,841
Non-current assets		
Reclamation bonds – Notes 5 (a) and (d)	46,899	-
Equipment	2,389	2,899
Exploration and evaluation assets – Note 5 and Schedule 1	4,444,886	3,709,631
	4,494,174	3,712,530
Total assets	$ 5,045,702	$ 4,219,371
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 560,115	$ 121,953
Due to related parties – Note 8	25,845	24,203
	585,960	146,156
Equity		
Share capital – Note 6	16,727,124	15,185,571
Contributed reserves – Note 6	2,872,169	2,551,192
Accumulated other comprehensive income	945,610	1,083,491
Deficit	(16,085,161)	(14,747,039)
	4,459,742	4,073,215
Total equity and liabilities	$ 5,045,702	$ 4,219,371

Corporate Information – Note 1
Commitments – Notes 5, 6, 10 and 11
Subsequent Events – Notes 5 and 11

Approved by the Directors:

"Warren Stanyer" Director *"Michael Sweatman"* Director

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

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)
For the three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
Accounting and audit – Note 8	$ 15,745	$ 18,575	$ 36,695	$ 27,575
Consulting fees	80,843	4,300	124,328	6,300
Depreciation	220	1,200	434	2,218
Director's fees – Note 8	12,000	12,000	24,000	24,000
Exploration and evaluation costs – Note 5	614,491	190,062	696,615	553,529
Foreign exchange gain (loss)	1,799	(82,675)	4,056	(121,496)
Insurance	5,278	4,667	10,087	9,078
Interest income	-	(1,110)	-	(2,071)
Management fees and salaries – Note 8	29,400	29,400	87,120	58,800
Legal – Note 8	19,641	6,319	44,506	14,874
Office expenses	8,134	10,226	13,489	12,974
Other income	-	(40,864)	-	(40,864)
Rent	6,075	6,400	12,150	10,600
Property investigations	6,252	-	6,252	-
Shareholder communications	94,379	16,549	115,084	23,857
Share-based payments – Note 6	17,000	-	121,000	86,000
Storage	5,051	4,180	9,309	7,830
Transfer agent and filing fees	13,656	6,650	21,146	13,060
Travel and entertainment	8,260	2,578	11,851	5,754
Loss for the period	(938,224)	(188,457)	(1,338,122)	(692,018)
Translation adjustment	(277,606)	303,277	(137,881)	428,148
Comprehensive income (loss) for the period	$ (1,215,830)	$ 114,820	$ (1,476,003)	$ (263,870)
Basic and diluted income (loss) per share	$ (0.04)	$ 0.00	$ (0.05)	$ (0.01)
Weighted average number of shares outstanding	31,046,724	22,527,321	28,638,904	22,506,923

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	2016	2015
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	$ (1,338,122)	$ (692,018)
Items not involving cash:		
Depreciation	434	2,218
Share-based payments	121,000	86,000
Net changes in non-cash working capital balances:		
Receivables	(5,556)	(6,069)
Prepaid expenses and deposits	(2,497)	8,996
Exploration advances	-	150,484
Accounts payable and accrued liabilities	438,162	(48,307)
Due to related parties	1,642	6,456
	(784,937)	(492,240)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Reclamation bonds	(24,551)	-
Exploration and evaluation assets – acquisition costs	(554,119)	(85,383)
	(578,670)	(85,383)
CASH FLOWS PROVIDED BY FINANCING ACTIVITY		
Issuance of common shares, net of share issue costs	1,393,530	5,625
	1,393,530	5,625
Effect of exchange rate on cash and cash equivalents	66,260	40,316
Net change in cash during the period	96,183	(531,682)
Cash and cash equivalents, beginning	376,054	1,796,687
Cash and cash equivalents, ending	$ 472,237	$ 1,265,005
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

Supplemental disclosure with respect to cash flows – Note 9

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

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital					
	Number of Shares	Amount	Contributed Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance as at September 30, 2015	23,177,321	$ 15,185,571	$ 2,551,192	$ 1,083,491	$ (14,747,039)	$ 4,073,215
Exercise of warrants – Note 6	2,650,000	397,500	-	-	-	397,500
Exercise of finder's warrants – Note 6	294,000	29,400	-	-	-	29,400
Transfer on exercise of finder's warrants – Note 9	-	26,460	(26,460)	-	-	-
Private placements – Note 6	6,265,833	1,007,850	-	-	-	1,007,850
Less: share issue costs – Note 6, 8 and 9	-	(57,657)	16,437	-	-	(41,220)
Property acquisition costs – Notes 5, 6 and 9	700,000	138,000	-	-	-	138,000
Share-based payments – Note 6	-	-	331,000	-	-	331,000
Cumulative translation adjustment	-	-	-	(137,881)	-	(137,881)
Loss for the period	-	-	-	-	(1,338,122)	(1,338,122)
Balance as at March 31, 2016	33,087,154	$ 16,727,124	$ 2,872,169	$ 945,610	$ (16,085,161)	$ 4,459,742
Balance as at September 30, 2014	22,489,821	$ 15,082,446	$ 2,386,260	$ 455,357	$ (13,145,790)	$ 4,778,273
Exercise of warrants – Note 6	37,500	5,625	-	-	-	5,625
Share-based payments – Note 6	-	-	86,000	-	-	86,000
Cumulative translation adjustment	-	-	-	428,148	-	428,148
Loss for the period	-	-	-	-	(692,018)	(692,018)
Balance as at March 31, 2015	22,527,321	$ 15,088,071	$ 2,472,260	$ 883,505	$ (13,837,808)	$ 4,606,028

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

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION AND EVALUATION ASSETS — Schedule 1
For the six months ended March 31, 2016 and for the year ended September 30, 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Golden Arrow	Roulette	Water Rights	Neptune	Clayton NE	Aquarius	Jackson Wash	Atlantis	Gemini	Total
Balance, September 30, 2015	$ 3,623,329	$ 85,518	$ -	$ 784	$ -	$ -	$ -	$ -	$ -	$ 3,709,631
Option/lease payments – Note 5	33,850	16,925	169,249	-	-	-	-	-	-	220,024
Staking/legal	-	-	7,428	20,865	10,570	4,140	8,957	9,979	17,363	79,302
Shares/warrants – Note 6	-	-	246,000	47,000	18,000	-	19,000	18,000	-	348,000
Claim maintenance	-	-	-	108,891	24,856	-	45,907	41,940	85,119	306,713
Translation adjustment	(142,039)	(3,483)	(7,482)	(5,521)	(1,501)	(175)	(2,324)	-	(4,340)	(166,865)
Less: Option payments received	-	-	-	-	-	-	-	(51,919)	-	(51,919)
Balance, March 31, 2016	3,515,140	98,960	415,195	172,019	51,925	3,965	71,540	18,000	98,142	4,444,886
Balance, September 30, 2014	$ 2,893,577	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,893,577
Option/lease payments – Note 5	61,405	9,211	-	-	-	-	-	-	-	70,616
Staking/legal	-	12,588	-	-	-	-	-	-	-	12,588
Claim maintenance	73,976	56,578	-	718	-	-	-	-	-	131,272
Translation adjustment	594,371	7,141	-	66	-	-	-	-	-	601,578
Balance, September 30, 2015	3,623,329	85,518	-	784	-	-	-	-	-	3,709,631

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

1. CORPORATE INFORMATION

Nevada Sunrise Gold Corporation (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on April 3, 2007. On May 15, 2007, the Company acquired all of the issued and outstanding shares of Intor Resources Corporation ("Intor") by way of a reverse takeover. Intor was incorporated under the laws of the State of Nevada, USA on September 7, 2004.

The Company's principal business activity is the acquisition, exploration and evaluation of its mineral property assets located in the State of Nevada, USA. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "NEV".

The Company's registered office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended September 30, 2015 and 2014.

These condensed interim consolidated financial statements were authorized for issue on May 30, 2016 by the directors of the Company.

Going Concern

These condensed interim consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Future operations are dependent on the Company's ability to raise additional equity financing and the attainment of profitable operations.

The Company has a history of operating losses and at March 31, 2016, has an accumulated deficit of $16,085,161. At March 31, 2016, the Company had a working capital deficiency of $34,432. The Company will require additional equity financings in order to continue exploration of its exploration and evaluation assets and fund its administrative operations, but believes that it can maintain operations for the next twelve months.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION (cont'd…)

Principles of Consolidation

These condensed interim consolidated financial statements incorporate the accounts of the Company and the following subsidiary:

Name of subsidiary	Country of Incorporation	Percentage ownership	Principal Activity
Intor Resources Corporation	USA	100%	Exploration of Mineral Properties

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies. All intercompany balances and transactions have been eliminated on consolidation.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments as fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts are expressed in Canadian dollars unless otherwise specified.

Critical Accounting Judgments, Estimates and Assumptions

Critical Judgments

The preparation of these condensed interim consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

The functional currency of an entity is the currency of the primary economic environment in which an entity operates. The determination of an entity's functional currency requires judgment based on analysis of relevant criteria. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

Estimations and assumptions

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

i) 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.

2. BASIS OF PREPARATION (cont'd…)

Critical Accounting Judgments, Estimates and Assumptions *(cont'd…)*

ii) Share-based Payments

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. 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.

iii) 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and investment-grade short-term deposit certificates with maturities greater than three months at the statement of financial position date.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded over the estimated useful lives of the assets on the straight line basis:

Computer equipment - hardware	3 years
Field equipment	7 years

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment *(cont'd...)*

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Exploration and Evaluation Assets

Upon acquiring the legal right to explore a mineral property, all direct costs related to the acquisition of exploration and evaluation assets are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to profit or loss as incurred.

Exploration costs are expensed as incurred as the Company is in the process of exploring its mineral tenements and has not yet determined whether these properties contain ore reserves that are economically recoverable. If and when the Company's management determines that economically extractable proven or probable mineral reserves have been established, the subsequent costs incurred to develop such property, including costs to further delineate the ore body will be capitalized.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. Each of the Company's properties are considered to be a separate cash generating unit. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning and Restoration Provisions

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no decommissioning liabilities as at March 31, 2016 and September 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of Nevada Sunrise Gold Corporation is the Canadian dollar and the functional currency of Intor Resources Corporation is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

i) Transactions and Balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are determined in foreign amounts are translated at the rate of exchange at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

ii) Translation of Subsidiary Results into the Presentation Currency

The Company's presentation currency is in the Canadian dollar.

The results and statements of financial position of the Company's subsidiary with a functional currency that is different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities of entities with a functional currency other than the Canadian Dollar are translated at the period end rates of exchange, the results of their operations are translated at average rates of exchange for the period, and items of equity are translated at historical rates. The resulting changes are recognized in accumulated other comprehensive income ("AOCI") in equity as a translation adjustment.

Share-based Payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model which takes into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

***Share-based Payments** (cont'd…)*

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income Taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial Instruments

i) Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash equivalents is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. As at March 31, 2016 and September 30, 2015, the Company has not classified any financial assets as held to maturity or available for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

***Financial Instruments** (cont'd…)*

i) Financial Assets (cont'd…)

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

a) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

b) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss and comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss and comprehensive loss.

ii) Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due from related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

New Standards Adopted for the Year Ended September 30, 2015

Effective October 1, 2014, the following standards were adopted but did not have a material impact on the condensed interim consolidated financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.
- IFRS 10 Investment Entities – Amendment.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New Standards Adopted for the Year Ended September 30, 2016

Effective October 1, 2015, the following standards were adopted but did not have a material impact on the condensed interim consolidated financial statements.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9.

New Standards and Interpretations Not Yet Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2016 and September 30, 2015:

	Level 1	Level 2	Level 3
March 31, 2016:			
Cash and cash equivalents	$ 472,237	$ -	$ -
September 30, 2015:			
Cash and cash equivalents	$ 376,054	$ -	$ -

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

The Company's risk exposures and the impact on the Company's 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 primarily of interest receivable on guaranteed investment certificates. Management believes that credit risk concentration with respect to receivables is remote.

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 March 31, 2016, the Company had cash of $472,237 to settle current liabilities of $585,960. Management believes the Company has sufficient funds to meet its current liabilities as they become due. See going concern discussion in Note 2.

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 and cash equivalents 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 due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, 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 March 31, 2016, a 10% fluctuation in the US dollar against the Canadian dollar would affect comprehensive loss by approximately $36,200.

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous historical title conveyance characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation assets the Company has committed to earn interests in are located in the State of Nevada, USA.

(a) Golden Arrow

The Company has a mining lease and two quitclaim deeds covering the 357 unpatented mineral claims, and 17 patented mineral claims which comprise the Golden Arrow property.

Mining Lease

The mining lease agreement which included a 2% net smelter royalty and required advance minimum royalty payments of US$50,000 per year was set to increase on December 31, 2016. The terms of the mining lease were amended on December 18, 2013 as follows:

i) The advance minimum royalty payment of US$50,000 per year was reduced to US$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 minimum royalty payments which are capped at US$25,000 per year, which are due and payable on January 1st of each year.
ii) The 2% net smelter royalty was increased to 3% ("amended royalty").
iii) The Company may purchase 1% of the amended royalty for $1,000,000 at any time during the remaining term of the mining lease or during any subsequent term.

Quit Claim Deeds

One of the quitclaim deeds includes a 3% net smelter royalty and requires annual advance royalty payments of US$25,000. The Company has the option to buy-down the net smelter royalty from 3% to 1%, in 1% increments, by making a one-time payment of US$100,000 per 1% increment reduction. If the Company elects to buy-down the net smelter royalty, the annual advance royalty payment will also be reduced proportionately. The other quitclaim deed includes a 1% net smelter royalty.

Reclamation Bond

At March 31, 2016, the Company has posted a reclamation bond with the Bureau of Land Management of $23,388 (US$18,037) as a guarantee of exploration site restoration for Golden Arrow. The Company expects that at upon completion of exploration activities that reclamation will be included in exploration and evaluation costs and refund of the bond would be expected.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(a) Golden Arrow (continued)

Option Agreement – Atherton Resources LLC

On November 15, 2014, the Company signed a letter agreement on the Golden Arrow property.

Under the terms of the letter agreement, Atherton Resources LLC ("Atherton") had until January 31, 2015 to conduct its due diligence on Golden Arrow which was to include an assessment by Atherton of all historical geoscientific data and a title opinion. Atherton had the right to extend the exclusivity period for up to two 60 day periods by paying the Company US$25,000 on or before January 31, 2015 and an additional US$25,000 on or before March 31, 2015. The payments made by Atherton to extend the exclusivity period could be applied to the payment of US$250,000 to be made by Atherton upon signing a definitive agreement.

The terms for the definitive agreement described in the letter agreement allowed Atherton to initially earn a 65% interest in Golden Arrow by completing eligible expenditures of US$4,500,000 at Golden Arrow during a four-year period with a minimum expenditure in any year of US$750,000, and by making US$1,600,000 in cash payments to the Company over four years.

Upon completing the US$4,500,000 in qualified work expenditures and fulfilling the above cash payments, Atherton would earn a 65% interest in the Golden Arrow property which could be increased to 70% upon satisfaction of other conditions, and increased further to an 80% interest. After Atherton had earned a 65%, 70% or 80% interest, as applicable, the parties would form a joint venture, and each party would be responsible for financing its proportionate share of the joint venture expenditures.

On February 3, 2015, the Company amended the terms of the letter agreement signed with Atherton. The amendment to the letter agreement allowed Atherton to extend the exclusivity period to May 31, 2015 for a payment of US$8,000 and the commissioning of a geological data compilation at a cost of US$17,000 to be paid by Atherton. On March 30, 2015, the Company received an additional payment of US$25,000 from Atherton to maintain Atherton's right to continue its due diligence on an exclusive basis. The payments of $40,864 (US$33,000) are shown as other income in the consolidated statement of loss and comprehensive loss for the six months ended March 31, 2015.

On May 31, 2015, Atherton's exclusivity period expired, and its right to complete a transaction under the negotiated terms of the letter agreement therefore expired accordingly.

Plan of Operations

On May 11, 2016, the Company received the Golden Arrow Project Plan of Operations Approval from the US Bureau of Land Management for the State of Nevada. The Plan of Operations allows for drilling of up to 240,000 feet (approximately 73,000 metres) over a ten year period. The Company is required to increase the reclamation bond on Golden Arrow to US$94,011 from the current amount of US$18,037.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(b) Kinsley Mountain

In March 2012, Pilot Gold Inc. ("Pilot") earned a 51% interest in the Kinsley Mountain property from the Company by completing certain expenditure requirements.

In February 2013, Pilot gave notice to the Company that it had completed the required exploration expenditures to increase its participating interest in Kinsley Mountain to 65%.

In August 2013, the Company informed Pilot that it would not participate in the 2013 work program on the Kinsley Mountain property. Consequently, Pilot funded an exploration program in its entirety which further increased Pilot's interest from 65% to approximately 79%, with the Company holding an approximate 21% interest.

In October 2013, a definitive joint venture agreement was signed between the Company and Pilot for the Kinsley Mountain property. A Delaware limited liability company, Kinsley Gold LLC, was formed to manage the joint venture with Pilot as the operator.

The Company now holds a joint venture interest in Kinsley Gold LLC which has a mining lease agreement with a company in which a former director of the Company has a royalty interest in the Kinsley Mountain property. The mining lease agreement has a 3% net smelter royalty on production. The mining lease agreement runs through June 2020, however, Kinsley Gold LLC has the right to terminate the lease with the former related party upon thirty days written notice or to extend the lease beyond 2020 provided it continues to make the required advance minimum royalty payments. Per the terms of the mining lease agreement, Kinsley Gold LLC has an obligation to expend a minimum of US$500,000 annually in exploration, development and mining activities on the Kinsley Mountain property. The minimum annual work obligation will be fulfilled by Kinsley Gold LLC.

During the year ended September 30, 2014, the Company incurred drilling and exploration costs of $1,276,869 (US$1,179,883) to Kinsley Gold LLC related to the 2013/2014 drilling program. In addition, the Company incurred field and consulting costs of $6,800. At September 30, 2014, an amount of $150,484 (US$134,891) was included in exploration advances to Kinsley Gold LLC.

During the year ended September 30, 2015, the Company incurred drilling and exploration costs of $679,754 (US$553,501) to Kinsley Gold LLC related to the 2014/2015 drilling program. In addition, the Company incurred field and consulting costs of $9,538. At September 30, 2015, an amount of $92,595 (US$69,101) was included in exploration advances to Kinsley Gold LLC.

During the six months ended March 31, 2016, the Company incurred exploration costs of $59,054 (US$43,615) to Kinsley Gold LLC related to the 2015/2016 program. In addition, the Company incurred field and consulting costs of $1,277. At March 31, 2016, an amount of $33,046 (US$25,486) was included in exploration advances to Kinsley Gold LLC.

At March 31, 2016, the Company's proportionate interest in Kinsley Gold LLC and the Kinsley Mountain property was 20.94%. The presumption that the Company has significant influence by holding 20% or more of the voting power through the joint venture is overcome due to limitations in policy making processes and decisions. Additionally, the terms of the joint venture agreement do not meet the definition of a joint arrangement.

On April 1, 2016, Kinsley Gold LLC increased the 2015/2016 exploration budget for Kinsley Mountain to US$776,000 from US$460,000. The Company's share of the 2016 second quarter cash call was US$59,854 (paid subsequent).

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(c) Roulette

On November 3, 2014, the Company entered into an option agreement to purchase the Roulette gold property located in White Pine County, Nevada. The Company expanded the claim group from the original 15 claims contained in the option agreement to its present size by way of new staking.

For the option to earn a 100% interest in the original 15 claims of the Roulette property, the Company has agreed to pay the vendors cash payments on the anniversaries of the option agreement as follows:

- On signing of the option agreement: US$7,500 (paid)
- First anniversary: US$12,500 (paid)
- Second anniversary: US$20,000
- Third anniversary: US$25,000
- Fourth anniversary: US$30,000
- Fifth anniversary: US$35,000 (or a US$200,000 buyout as described below)

The Company can elect to pay 50% of any future option payments to the vendors in common shares of the Company but would incur a 20% surcharge in favor of the vendors. On the fifth anniversary, the Company has the right to purchase a 100% interest in the original 15 claims of the Roulette property for US$200,000, subject to a 2.5% net smelter returns royalty ("NSR"). At any time before a decision to commence production, the Company will have the right to purchase 1% of the NSR for US$1,000,000 and the remaining 1.5% NSR for US$2,000,000.

(d) Neptune

On September 16, 2015, the Company entered into an option agreement to purchase a 100% interest in the Neptune lithium property located in the Clayton Valley, Esmeralda County, Nevada. Neptune consists of 316 placer claims.

The Company agreed to pay the following consideration to the vendors upon TSX-V acceptance of the agreement and on subsequent anniversaries of the agreement:

- On receipt of TSX-V acceptance of the agreement: 200,000 common shares (issued)
- On the first anniversary of the agreement: 300,000 common shares
- On the second anniversary of the agreement: 500,000 common shares

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

<u>*Reclamation Bond*</u>

At March 31, 2016, the Company has posted a reclamation bond with the Bureau of Land Management of $23,511 (US$18,132) as a guarantee of exploration site restoration for Neptune. The Company expects that at upon completion of exploration activities that reclamation will be included in exploration and evaluation costs and refund of the bond would be expected.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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 lithium property. The definitive agreement supersedes the interim agreement between the companies dated March 2, 2016.

Under the terms of the definitive agreement, Resolve can earn 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 National Instrument 43-101 compliant technical report in a form acceptable to the TSX Venture Exchange (paid subsequently);
- 200,000 common shares of Resolve issued to the Company on the execution of the definitive agreement (issued subsequently);
- $300,000 for exploration and evaluation expenditures to be incurred by the Company according to the recommendations in the National Instrument 43-101 report (paid subsequently).

The Company will act as the operator at Neptune and will charge a 10% operatorship fee on exploration expenditures. All claim maintenance payments due by September 1, 2016 will be split 75/25 between the companies.

In order to proceed with the second option to earn an additional 25%, Resolve must provide notice to the Company 60 days before the first anniversary of TSX-V acceptance of the definitive agreement. If Resolve does not elect to proceed with the second option, a standard dilution formula will apply to its 25% interest, if additional exploration expenditures are incurred.

Upon election to proceed with the second option, Resolve can earn an additional 25% interest in Neptune by making cash or share payments to the Company and by financing exploration expenditures as follows:

- $100,000 or 300,000 common shares of Resolve, at Resolve's option;
- $700,000 for exploration and evaluation expenditures to be incurred by the Company according to the recommendations in the National Instrument 43-101 report on or before the second anniversary of TSX-V acceptance of the definitive agreement, which Resolve may satisfy by paying in cash to the Company on or before the first anniversary of TSX-V acceptance of the definitive agreement.

After completion of the exploration expenditures for both options and the payment of the cash and the common shares as detailed above, Resolve will earn a 50% interest in the Neptune lithium property and a joint venture will be formed. The Company would be the operator of the joint venture and would be responsible for administrating all exploration activities, including drilling, geophysical surveys, consulting and payment of claim maintenance fees according to usual business practice for a joint venture.

Under the terms of the definitive agreement, the companies have agreed that, if the joint venture exercises the US$1,000,000 royalty buy-down, it will be paid by both companies according to their respective interests.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(e) Clayton NE

On December 3, 2015, the Company entered into an option agreement to purchase a 100% interest in the Clayton NE lithium property located in the Clayton Valley, Esmeralda County, Nevada. Clayton NE consists of 50 placer claims.

For the option to purchase a 100% interest in the property, the Company agreed to pay a total of 500,000 common shares to the vendor as follows:

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

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

(f) Jackson Wash

On December 17, 2015, the Company entered into an option agreement to purchase a 100% interest in the Jackson Wash lithium property located in the Jackson Valley, Esmeralda County, Nevada. Jackson Wash consists of 130 placer claims.

For the option to purchase a 100% interest in the property, the Company agreed to pay a total of 500,000 common shares to the vendor as follows:

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

The property is subject to a 3% GOR. Until the third anniversary of the agreement, the Company has the right to purchase 1% of the respective GOR for US$1,000,000.

(g) Atlantis

On February 11, 2016, the Company entered into an option agreement for an option to purchase a 100% interest in the Atlantis lithium property located in the Fish Valley, Esmeralda County, Nevada. Atlantis consists of 69 placer claims and 19 association placer claims.

For the option to purchase a 100% interest in the property, the Company agreed to pay a total of 500,000 common shares to the vendor as follows:

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

The property is subject to a 3% GOR. Until the third anniversary of the agreement, the Company has the right to purchase 1% of the respective GOR for US$1,000,000.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Option Agreement - American Lithium Corp.

On March 8, 2016, the Company entered into a property option agreement with a private company for an option to earn an 80% interest in the Atlantis lithium property.

The private company or its successor or assignee will have 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:

- US$48,050 to reimburse the Company for all its expenditures incurred related to the acquisition of the Atlantis property (paid);
- $100,000 on receipt of satisfactory evidence of the recording of additional claims staked by the Company at Atlantis (paid subsequently);
- 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 ("American Lithium"), a TSX Venture Exchange listed company);
- 1,250,000 common shares of American Lithium issued to the Company, with 250,000 common shares issuable on or before July 5, 2016 (issued subsequently), 500,000 common shares issuable on or before July 5, 2017 and 500,000 common shares issuable on or before July 5, 2018. All the common shares will be subject to no more than a four month hold period from their date of issue.

Should American Lithium 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.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(h) Gemini

The Company owns a 100% interest in the 247 placer claims which make up the Gemini lithium property. These claims were acquired by way of staking. Gemini is located in the Lida Valley, Esmeralda County, Nevada.

On January 20, 2016, the Company entered into a letter agreement to sell a 50% interest in Gemini to Eureka Resources Inc. ("Eureka"). Pursuant to the terms of the agreement, Eureka can acquire a 50% interest in Gemini by reimbursing the Company for 50% of Gemini's acquisition and evaluation costs, and by issuing the Company 500,000 common shares. The reimbursable acquisition and evaluation costs include staking, surveying, consulting, data acquisition and claims maintenance fees. Eureka will issue the 500,000 common shares as a prospect fee with 300,000 shares to be issued on receipt of acceptance of the agreement by the TSX-V and an additional 200,000 shares to be issued on the first anniversary of such acceptance. The Company will act as the operator of exploration in exchange for a 10% operatorship fee. The transaction constitutes a non-arm's-length transaction under TSX-V policies as the companies have certain directors and officers in common.

On May 4, 2016, the companies entered into an addendum to the letter agreement in which the Company acknowledged receipt of $96,794 from Eureka, representing 50% of the acquisition and evaluation costs. The companies agreed that a definitive joint venture agreement would be entered into on or before September 30, 2016, or such other date as may be mutually agreed to by the companies. In the event that one of the companies divests of its 50% interest in Gemini, the remaining company will become the operator of exploration at Gemini by default. Upon acceptance of the letter agreement and its addendum by the TSX-V, Eureka will issue 300,000 common shares to the Company and will become the owner of a 50% interest in Gemini.

(i) Aquarius

The Company owns a 100% interest in the 82 placer claims which make up the Aquarius lithium property. These claims were acquired by way of staking. Aquarius is located in the Clayton Valley, Esmeralda County, Nevada.

(j) Water Rights

On January 25, 2016, the Company signed a letter agreement for an option to purchase water rights in the Clayton Valley, Nevada. The pre-existing water rights allow for 1,770 acre/feet of water use for mining and milling per year.

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 on the following schedule:

Date of Payment	Cash	Common Shares	Share Purchase Warrants
US$50,000 to be paid upon execution of a letter agreement (paid) and a further US$75,000 to be paid upon execution of a definitive agreement (paid)	US$125,000	200,000 on execution of a definitive agreement (issued)	750,000 @ CDN$0.50 750,000 @ CDN$0.70 750,000 @ CDN$1.00 Issuable on execution of a definitive agreement (issued)
1st Anniversary	US$150,000	250,000	n/a
2nd Anniversary	US$175,000	300,000	n/a
3rd Anniversary	US$200,000	350,000	n/a
4th Anniversary	US$300,000	400,000	n/a
5th Anniversary	US$350,000	500,000	n/a
Total	US$1,300,000	2,000,000	2,250,000

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

On March 16, 2016, the Company entered into a definitive water rights purchase agreement. On March 29, 2016, the Company received TSX-V acceptance of the agreement.

On March 30, 2016, the Company issued 200,000 common shares for the initial option payment on the water rights. The shares had a fair value of $36,000.

On March 30, 2016, the Company issued 2,250,000 share purchase warrants with respect to the water rights purchase agreement as follows:

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

The fair value of the share purchase warrants was calculated as $210,000 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1.50%
Expected life of warrants	3 years
Annualized volatility	125%
Dividend rate	0%

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

- If within 10 years after the execution of the agreement, the Company sells the water rights 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 water rights 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 water rights 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.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Exploration and evaluation costs for the six months ended March 31, 2016 and 2015 were allocated as follows:

		2016		2015
Golden Arrow	$	27,071	$	178,549
Kinsley Mountain		60,331		367,885
Roulette		490		7,095
Neptune		564,389		-
Clayton NE		1,713		-
Jackson Wash		3,577		-
Atlantis		8,513		-
Gemini		62,675		-
Aquarius		24,367		-
Clayton Valley - Water Rights		4,333		-
Less: Option payments received		(60,844)		-
	$	696,615	$	553,529

6. SHARE CAPITAL AND CONTRIBUTED RESERVES

a) Authorized:

Unlimited common shares without par value

b) Issued:

Six Months Ended March 31, 2016:

Private Placements

On November 6, 2015, the Company issued 4,000,000 common shares pursuant to the private placement of 4,000,000 units at $0.15 per unit for gross proceeds of $600,000. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at $0.25 until November 6, 2018.

In connection with the private placement, the Company paid finder's fees of $8,288, issued 55,250 finder's warrants and incurred filing and legal costs of $18,995. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.165 until November 6, 2018.

The fair value of the finders' warrants issued was calculated as $12,708 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1.25%
Expected life of warrants	3 years
Annualized volatility	179%
Dividend rate	0%
Weighted average fair value per warrant	$0.23

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd…)

On February 24, 2016, the Company issued 1,130,000 common shares pursuant to the private placement of 1,130,000 units at $0.18 per unit for gross proceeds of $203,400. Each unit contained one common share and one half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at $0.30 until February 24, 2018. The Company paid finder's fees of $6,480.

On March 18, 2016, the Company issued 1,135,833 common shares pursuant to the private placement of 1,135,833 units at $0.18 per unit for gross proceeds of $204,450. Each unit contained one common share and one half of one share purchase warrant. Each whole warrant entitled the holder to purchase an additional common share at $0.30 until September 18, 2017.

In connection with the private placement, the Company paid finder's fees of $7,457 and issued 41,430 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.18 until September 18, 2017.

The fair value of the finders' warrants issued was calculated as $3,729 using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

Risk-free interest rate	1.00%
Expected life of warrants	1.5 years
Annualized volatility	95%
Dividend rate	0%
Weighted average fair value per warrant	$0.09

Warrants Exercised

During the six months ended March 31, 2016, the Company issued 2,650,000 common shares at $0.15 per share pursuant to the exercise of 2,650,000 share purchase warrants for proceeds of $397,500.

Finder's Warrants Exercised

On October 27, 2015, the Company issued 294,000 common shares and 294,000 share purchase warrants exercisable at $0.15 until January 10, 2016 pursuant to the exercise of 294,000 finder's warrants at $0.10 per warrant for proceeds of $29,400.

Neptune

On October 21, 2015, the Company issued 200,000 common shares as a property option payment on the Neptune lithium property. The shares had a fair value of $47,000.

Clayton NE

On December 16, 2015, the Company issued 100,000 common shares as a property option payment on the Clayton NE lithium property. The shares had a fair value of $18,000.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd…)

Jackson Wash

On January 8, 2016, the Company issued 100,000 common shares as a property option payment on the Jackson Wash lithium property. The shares had a fair value of $19,000.

Atlantis

On February 26, 2016, the Company issued 100,000 common shares as a property option payment on the Atlantis lithium property. The shares had a fair value of $18,000.

Clayton Valley Water Rights

On March 30, 2016, the Company issued 200,000 common shares for the initial option payment on the Clayton Valley water rights. The shares had a fair value of $36,000.

Six Months Ended March 31, 2015:

Warrants Exercised

The Company issued 37,500 common shares at $0.15 per share pursuant to the exercise of 37,500 share purchase warrants for proceeds of $5,625.

c) Finder's Warrants:

At March 31, 2016, there were 96,680 finder's warrants outstanding entitling the holders thereof the right to purchase one unit comprising one common share and one share purchase warrant with exercise terms equivalent to the financings in which they were related, for each finder's warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
41,430	$0.18	September 18, 2017
55,250	$0.165	November 6, 2018

Finder's warrant transactions and the number of finder's warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance at September 30, 2014	459,200	$	0.22
Warrants expired	(21,000)		0.90
Balance at September 30, 2015	438,200	$	0.18
Warrants exercised	(294,000)		0.10
Warrants expired	(144,200)		0.35
Warrants issued	96,680		0.17
Balance at March 31, 2016	96,680	$	0.17

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd…)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance at September 30, 2014	7,542,500	$	0.41
Warrants exercised	(687,500)		0.15
Balance at September 30, 2015	6,855,000	$	0.28
Warrants exercised	(2,650,000)		0.15
Warrants expired	(1,894,000)		0.15
Warrants issued	7,676,916		0.40
Balance at March 31, 2016	9,987,916	$	0.43

On April 1, 2015, the Company received TSX Venture Exchange approval to extend the expiry date of 1,500,000 outstanding warrants to March 20, 2017 from March 20, 2016 and to reduce the exercise price to $0.50 from $0.55.

On April 8, 2015, the Company received TSX Venture Exchange approval to extend the expiry date of 1,105,000 outstanding warrants to May 13, 2017 from May 13, 2015 and to reduce the exercise price to $0.50 from $1.35. The 1,105,000 warrants are subject to an acceleration clause such that, if the closing price of the Company's common shares is $0.625 or greater for a period of ten consecutive trading days, the warrant-holders will have thirty days to exercise their warrants. The warrants had no fair value on issuance and are determined to have no fair value on modification.

At March 31, 2016, after giving effect to the above amendments, there were 9,987,916 warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
1,500,000	$0.50	March 20, 2017
1,105,000	$0.50	May 13, 2017
567,916	$0.30	September 18, 2017
565,000	$0.30	February 24, 2018
750,000	$0.50	March 30, 2018
4,000,000	$0.25	November 6, 2018
750,000	$0.70	March 30, 2019
750,000	$1.00	March 30, 2020

e) Options

The Company has a stock option plan whereby it may grant options to employees, directors, officers, consultants and certain other service providers. The maximum number of options that may be granted under the plan is 10% of the issued and outstanding common shares. Options are exercisable for a maximum of 10 years. The exercise price of the options is set in accordance with the policies of the TSX Venture Exchange. Stock options are subject to vesting requirements as determined by the Company's Board of Directors.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd…)

e) Options (cont'd…)

The fair value of 620,000 options granted during the six months ended March 31, 2016 was $121,000 and the fair value of 500,000 options granted during the year ended September 30, 2015 was $134,000. The fair value of stock options was calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below.

	Six Months Ended March 31, 2016	Year Ended September 30, 2015
Risk-free interest rate	1.50%	1.70%
Expected life of options	5 years	5 years
Annualized volatility	153%	139%
Dividend rate	0%	0%
Forfeiture rate	0%	0%
Weighted average fair value per option	$0.195	$0.27

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance at September 30, 2014	1,787,500	$	0.88
Options granted	500,000		0.30
Options expired	(47,500)		2.20
Balance at September 30, 2015	2,240,000	$	0.36
Options granted	620,000		0.20
Balance at March 31, 2016	2,860,000	$	0.33
Exercisable at March 31, 2016	2,860,000	$	0.33

On May 19, 2015, after having received disinterested shareholder approval and TSX Venture Exchange approval, the Company approved the re-pricing of 1,010,000 outstanding stock options granted during the period from July 30, 2010 to May 20, 2014 to an exercise price of $0.50 per share from exercise prices ranging from $1.05 to $2.50 per share.

The fair value of the 1,010,000 options re-priced on May 19, 2015 was $30,932. The fair value of stock options re-priced was calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted stock price volatility determined using historical price data for a term equivalent to the expected life of the option.

Risk-free interest rate	1.69%
Expected life of options	3.27 years
Annualized volatility	159%
Dividend rate	0%
Forfeiture rate	0%
Weighted average fair value per option	$0.03

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd…)

e) Options (cont'd…)

At March 31, 2016, after giving effect to the above re-pricing, there were 2,860,000 options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Shares	Exercise Price	Expiry Date
70,000	$0.50	March 13, 2017
120,000	$0.50	May 10, 2017
130,000	$0.50	December 4, 2017
50,000	$0.50	August 29, 2018
10,000	$0.50	October 28, 2018
710,000	$0.19	January 30, 2019
650,000	$0.50	May 20, 2019
200,000	$0.50	October 8, 2019
200,000	$0.17	September 10, 2020
100,000	$0.175	September 29, 2020
520,000	$0.22	November 23, 2020
100,000	$0.185	February 8, 2021

The weighted average remaining life of the outstanding stock options is 3.34 years.

7. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets in Nevada, USA. All of the Company's equipment and exploration and evaluation assets are located in the United States.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Chief Executive Officer, Chief Financial Officer and Corporate Secretary.

Remuneration attributed to key management personnel or companies controlled by key management personnel during the six months ended March 31, 2016 and 2015 is summarized as follows:

		2016		2015
Accounting fees	$	25,200	$	18,000
Management fees and salaries		87,120		58,800
Share-based payments		32,000		-
	$	144,320	$	76,800

The Company incurred the following charges by directors of the Company and by a law firm in which a director of the Company is a partner during the six months ended March 31, 2016 and 2015:

		2016		2015
Directors' fees	$	24,000	$	24,000
Legal		34,927		12,006
Legal – share issue costs		13,673		-
Share-based payments		48,000		86,000
	$	120,600	$	122,006

At March 31, 2016, due to related parties includes $25,845 for fees and expenses (September 30, 2015: $24,203) due to directors of the Company and to a law firm in which a director of the Company is a partner. The amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows:

During the six months ended March 31, 2016:

- The Company issued 96,680 finder's warrants with a fair value of $16,437 pursuant to finder's fee agreements related to private placements.

- The Company reclassified $26,460 from contributed reserves to share capital representing the fair value of 294,000 finder's warrants exercised.

- The Company issued 700,000 common shares with a fair value of $138,000 for exploration and evaluation assets.

- The Company issued 2,250,000 warrants with a fair value of $210,000 for exploration and evaluation assets.

10. COMMITMENT

The Company is committed to the payment of office rent of $2,525 per month until August 31, 2016 pursuant to a sublease agreement. The Company has paid a security deposit of $5,050 which is included in prepaid expenses and deposits at March 31, 2016.

11. SUBSEQUENT EVENTS

Warrants Exercised

On April 19, 2016, the Company issued 100,000 common shares at $0.25 per share pursuant to the exercise of 100,000 share purchase warrants for proceeds of $25,000.

Private Placement

On April 20, 2016, the Company issued 1,664,166 common shares pursuant to the private placement of 1,664,166 units at $0.18 per unit for gross proceeds of $299,550. Each unit contained one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at $0.30 until October 20, 2017.

In connection with the private placement, the Company paid finder's fees of $5,400 and issued 30,000 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at $0.18 until October 20, 2017.

American Lithium Corp – Option Payment Received

On April 28, 2016, American Lithium made an option payment to the Company of $100,000 and 250,000 common shares related to its option agreement on the Atlantis property (Note 5).

Resolve Ventures Inc. – Option Payment Received

On May 4, 2016, Resolve made an option payment to the Company of $350,000 and 200,000 common shares related to its option agreement on the Neptune property (Note 5).