



NEVADA SUNRISE GOLD CORPORATION

Consolidated Financial Statements

September 30, 2015 and 2014

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Nevada Sunrise Gold Corporation

We have audited the accompanying consolidated financial statements of Nevada Sunrise Gold Corporation, which comprise the consolidated statements of financial position as at September 30, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Nevada Sunrise Gold Corporation as at September 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Nevada Gold Corporation's ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Chartered Professional Accountants

Vancouver, Canada

January 19, 2016

NEVADA SUNRISE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2015 and 2014
(Expressed in Canadian Dollars)

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 376,054	\$ 1,796,687
Receivables	8,994	7,983
Prepaid expenses and deposits	29,198	27,955
Exploration advances – Note 6 (b)	<u>92,595</u>	<u>150,484</u>
	<u>506,841</u>	<u>1,983,109</u>
Non-current assets		
Equipment – Note 5	2,899	4,967
Exploration and evaluation assets – Note 6	<u>3,709,631</u>	<u>2,893,577</u>
	<u>3,712,530</u>	<u>2,898,544</u>
Total assets	<u>\$ 4,219,371</u>	<u>\$ 4,881,653</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 121,953	\$ 102,160
Due to related parties – Note 9	<u>24,203</u>	<u>1,220</u>
	<u>146,156</u>	<u>103,380</u>
Equity		
Share capital – Note 7	15,185,571	15,082,446
Contributed reserves – Note 7	2,551,192	2,386,260
Accumulated other comprehensive income	1,083,491	455,357
Deficit	<u>(14,747,039)</u>	<u>(13,145,790)</u>
	<u>4,073,215</u>	<u>4,778,273</u>
Total equity and liabilities	<u>\$ 4,219,371</u>	<u>\$ 4,881,653</u>

Corporate Information – Note 1
Commitments – Notes 6 (c) and (d), and 13
Subsequent Events – Note 14

Approved by the Directors:

“Warren Stanyer”

Director

“Michael Sweatman”

Director

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

NEVADA SUNRISE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

	2015	2014
Accounting and audit – Note 9	\$ 78,075	\$ 69,960
Consulting fees	80,134	32,355
Depreciation – Note 5	2,811	3,881
Directors’ fees – Note 9	48,000	28,500
Exploration and evaluation costs – Note 6	1,067,069	1,398,464
Foreign exchange	(132,188)	6,701
Insurance	18,204	16,101
Interest income	(4,764)	(5,905)
Management fees and salaries – Note 9	117,600	101,800
Legal – Note 9	45,658	68,631
Office expenses	21,034	16,598
Other income - Note 6 (a)	(40,527)	-
Rent	22,650	12,675
Shareholder communications	57,518	41,096
Share-based payments – Note 7 (e)	164,932	678,600
Storage	15,316	15,329
Transfer agent and filing fees	26,154	21,866
Travel and entertainment	<u>13,573</u>	<u>12,551</u>
Loss for the year	(1,601,249)	(2,519,203)
Translation adjustment	<u>628,134</u>	<u>212,465</u>
Comprehensive loss for the year	<u>\$ (973,115)</u>	<u>\$ (2,306,738)</u>
Basic and diluted loss per share – Note 1	<u>\$ (0.07)</u>	<u>\$ (0.15)</u>
Weighted average number of shares outstanding – Note 1	<u>22,528,177</u>	<u>17,084,499</u>

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

NEVADA SUNRISE GOLD CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

	Share Capital		Contributed Reserves	Accumulated Other Comprehensive Income	Deficit	Total
	(Note 1) Number of Shares	Amount				
Balance as at September 30, 2013	9,667,321	\$ 11,442,253	\$ 1,588,858	\$ 242,892	\$ (10,626,587)	\$ 2,647,416
Private placements – Note 7 (b)	11,410,000	3,659,000	-	-	-	3,659,000
Share issue costs – Note 7 (b)	-	(278,182)	144,802	-	-	(133,380)
Exercise of warrants – Note 7 (d)	1,262,500	189,375	-	-	-	189,375
Exercise of options – Note 7 (e)	150,000	70,000	(26,000)	-	-	44,000
Share-based payments – Note 7 (e)	-	-	678,600	-	-	678,600
Cumulative translation adjustment	-	-	-	212,465	-	212,465
Loss for the year	-	-	-	-	(2,519,203)	(2,519,203)
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 7 (d)	687,500	103,125	-	-	-	103,125
Share-based payments – Note 7 (e)	-	-	164,932	-	-	164,932
Cumulative translation adjustment	-	-	-	628,134	-	628,134
Loss for the year	-	-	-	-	(1,601,249)	(1,601,249)
Balance as at September 30, 2015	<u>23,177,321</u>	<u>\$ 15,185,571</u>	<u>\$ 2,551,192</u>	<u>\$ 1,083,491</u>	<u>\$ (14,747,039)</u>	<u>\$ 4,073,215</u>

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

NEVADA SUNRISE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

	2015	2014
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	\$ (1,601,249)	\$ (2,519,203)
Items not involving cash:		
Depreciation	2,811	3,881
Share-based payments	164,932	678,600
Net changes in non-cash working capital balances:		
Receivables	(778)	225,343
Prepaid expenses and deposits	334	(13,350)
Exploration advances	80,798	(145,979)
Accounts payable and accrued liabilities	18,527	35,571
Due to related parties	22,983	(145,429)
	<u>(1,311,642)</u>	<u>(1,880,566)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets – acquisition costs	<u>(214,476)</u>	<u>(120,018)</u>
	<u>(214,476)</u>	<u>(120,018)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Issuance of common shares for cash	<u>103,125</u>	<u>3,758,995</u>
	<u>103,125</u>	<u>3,758,995</u>
Effect of exchange rate on cash and cash equivalents	<u>2,360</u>	<u>(19,798)</u>
Net change in cash during the year	(1,420,633)	1,738,613
Cash and cash equivalents, beginning	<u>1,796,687</u>	<u>58,074</u>
Cash and cash equivalents, ending	\$ 376,054	\$ 1,796,687
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

Supplemental disclosure with respect to cash flows – Note 10

The accompanying notes form an integral part of these 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 exploration and evaluation 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.

On December 16, 2013, the Company completed a consolidation of its common shares (“share consolidation”) on the basis of one post-consolidation common share for every ten pre-consolidation common shares held. All references contained in these consolidated financial statements to outstanding and issued common shares, warrants and options, per share amounts and exercise prices have been retroactively restated to reflect the effect of the share consolidation.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations as issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue on January 19, 2016 by the directors of the Company.

Going Concern

These 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 September 30, 2015, has an accumulated deficit of \$14,747,039. At September 30, 2015, the Company had working capital of \$360,685. 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 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 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 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 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 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 September 30, 2015 and 2014.

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 September 30, 2015 and 2014, 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 During the Year Ended September 30, 2015

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

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

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

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 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- 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 September 30, 2015 and 2014:

	Level 1	Level 2	Level 3
September 30, 2015:			
Cash and cash equivalents	\$ 376,054	\$ -	\$ -
September 30, 2014:			
Cash and cash equivalents	\$ 1,796,687	\$ -	\$ -

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 September 30, 2015, the Company had cash and cash equivalents of \$376,054 to settle current liabilities of \$146,156. 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. At September 30, 2015, included in cash and cash equivalents was a \$221,100 (US\$165,000) redeemable investment-grade short-term deposit certificate which bears interest at 0.20% per annum. 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 September 30, 2015, a 10% fluctuation in the US dollar against the Canadian dollar would affect comprehensive loss by approximately \$24,100.

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5. EQUIPMENT

September 30, 2015

	Computer Hardware	Field Equipment	Total
Cost			
Balance at September 30, 2014	\$ 4,684	\$ 17,069	\$ 21,753
Cumulative translation adjustment	942	3,433	4,375
Balance at September 30, 2015	\$ 5,626	\$ 20,502	\$ 26,128
Accumulated Depreciation			
Balance at September 30, 2014	\$ 3,709	\$ 13,077	\$ 16,786
Depreciation	1,073	1,738	2,811
Cumulative translation adjustment	844	2,788	3,632
Balance at September 30, 2015	\$ 5,626	\$ 17,603	\$ 23,229
Net Book Value			
Balance at September 30, 2015	\$ -	\$ 2,899	\$ 2,899

September 30, 2014

	Computer Hardware	Field Equipment	Total
Cost			
Balance at September 30, 2013	\$ 4,324	\$ 15,758	\$ 20,082
Cumulative translation adjustment	360	1,311	1,671
Balance at September 30, 2014	\$ 4,684	\$ 17,069	\$ 21,753
Accumulated Depreciation			
Balance at September 30, 2013	\$ 1,983	\$ 9,820	\$ 11,803
Depreciation	1,515	2,366	3,881
Cumulative translation adjustment	211	891	1,102
Balance at September 30, 2014	\$ 3,709	\$ 13,077	\$ 16,786
Net Book Value			
Balance at September 30, 2014	\$ 975	\$ 3,992	\$ 4,967

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6. 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 asset interests the Company has committed to earn an interest in are located in Nevada, USA.

Acquisition Costs

September 30, 2015

	Golden Arrow	Kinsley Mountain	Roulette	Clayton Valley	Total
Balance, September 30, 2014	\$ 2,893,577	\$ -	\$ -	\$ -	\$2,893,577
Property acquisition costs	135,381	-	78,377	718	214,476
Cumulative translation adjustment	594,371	-	7,141	66	601,578
Balance, September 30, 2015	\$ 3,623,329	\$ -	\$ 85,518	\$ 784	\$3,709,631

September 30, 2014

	Golden Arrow	Kinsley Mountain	Roulette	Clayton Valley	Total
Balance, September 30, 2013	\$ 2,557,076	\$ -	\$ -	\$ -	\$2,557,076
Property acquisition costs	120,018	-	-	-	120,018
Cumulative translation adjustment	216,483	-	-	-	216,483
Balance, September 30, 2014	\$ 2,893,577	\$ -	\$ -	\$ -	\$2,893,577

Exploration and Evaluation Costs

September 30, 2015

	Golden Arrow	Kinsley Mountain	Roulette	Clayton Valley	Total
Cumulative exploration and evaluation costs at September 30, 2014	\$ 2,800,751	\$ 1,308,266	\$ -	\$ -	\$ 4,109,017
Drilling and exploration	-	679,754	-	-	679,754
Field and consulting	296,449	9,538	71,340	9,988	387,315
Exploration and evaluation costs, period ended September 30, 2015	296,449	689,292	71,340	9,988	1,067,069
Cumulative exploration and evaluation costs at September 30, 2015	\$ 3,097,200	\$ 1,997,558	\$ 71,340	\$ 9,988	\$ 5,176,086

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

Exploration and Evaluation Costs

September 30, 2014

	Golden Arrow	Kinsley Mountain	Roulette	Clayton Valley	Total
Cumulative exploration and evaluation costs at September 30, 2013	\$ 2,685,956	\$ 24,597	\$ -	\$ -	\$ 2,710,553
Drilling and exploration	-	1,276,869	-	-	1,276,869
Field and consulting	114,795	6,800	-	-	121,595
Exploration and evaluation costs, year ended September 30, 2014	114,795	1,283,669	-	-	1,398,464
Cumulative exploration and evaluation costs at September 30, 2014	\$ 2,800,751	\$ 1,308,266	\$ -	\$ -	\$ 4,109,017

(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.

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

(a) Golden Arrow (continued)

Letter Agreement:

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 to be completed at Atherton’s cost.

On March 30, 2015, the Company received a payment of US\$25,000 from Atherton to maintain Atherton’s right to continue its due diligence on an exclusive basis. The payments of \$40,527 (US\$33,000) are shown as other income in the consolidated statement of loss and comprehensive loss.

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.

6. 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.

At September 30, 2015, 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.

6. 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 (subsequently 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) Clayton Valley - 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, United States.

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 (subsequently 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"). On the third anniversary of the agreement, the Company has the right to purchase 1% of the GOR for US\$1,000,000.

7. SHARE CAPITAL AND CONTRIBUTED RESERVES

a) Authorized:

Unlimited common shares without par value

b) Issued:

On December 16, 2013, the Company completed a consolidation of its common shares ("share consolidation") on the basis of one post-consolidation common share for every ten pre-consolidation common shares held. All references contained in these consolidated financial statements to outstanding and issued common shares, warrants and options, per share amounts, and exercise prices have been retroactively restated to reflect the effect of the share consolidation.

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7. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

b) Issued: (cont'd)

At September 30, 2015, there were 23,177,321 (2014: 22,489,821) common shares issued and outstanding.

Year Ended September 30, 2015:

- i) During the year ended September 30, 2015, the Company issued 687,500 common shares pursuant to the exercise of 687,500 warrants at \$0.15 per share for proceeds of \$103,125.

Year Ended September 30, 2014:

- i) On January 10, 2014, the Company issued 5,400,000 common shares pursuant to the private placement of 5,400,000 units at \$0.10 per unit for gross proceeds of \$540,000. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share at \$0.15 until January 10, 2016.
- ii) On January 13, 2014, the Company issued 800,000 common shares pursuant to the private placement of 800,000 units at \$0.10 per unit for gross proceeds of \$80,000. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share at \$0.15 until January 13, 2016.

In connection with the private placements, the Company paid finder's fees of \$21,000, paid filing and legal fees of \$17,848 and issued 294,000 finder's warrants exercisable at \$0.10 each into one unit. Each unit resulting from the exercise of a finder's warrant consists of one common share and one warrant entitling the holder to purchase one common share at \$0.15. 280,000 finder's warrants are exercisable until January 10, 2016, and 14,000 finder's warrants are exercisable until January 13, 2016 at \$0.15 each in both instances. The fair value of the finder's warrants of \$26,460 or \$0.09 per finder's warrant was determined using the Black Scholes option pricing model.

- iii) On March 20, 2014, the Company issued 3,000,000 common shares pursuant to the private placement of 3,000,000 units at \$0.35 per unit for gross proceeds of \$1,050,000. Each unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at \$0.55 until March 20, 2016.

In connection with the private placement, the Company paid finder's fees of \$36,000, paid filing and legal fees of \$18,289 and issued 144,200 finder's warrants exercisable at \$0.35 each into one unit. Each unit resulting from the exercise of a finder's warrant consists of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at \$0.55 until March 20, 2016. The fair value of the finder's warrants of \$102,382 or \$0.71 per finder's warrant was determined using the Black Scholes option pricing model.

- iv) On May 13, 2014, the Company issued 2,210,000 common shares pursuant to the private placement of 2,210,000 units at \$0.90 per unit for gross proceeds of \$1,989,000. Each unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at \$1.35 until May 13, 2015 or until the day which is 30 days after the date that the volume weighted average trading price of the Company's common shares exceeds \$1.65 per share over a period of 10 consecutive trading days.

In connection with the private placement, the Company paid finder's fees of \$13,500, paid filing and legal fees of \$26,743 and issued 21,000 finder's warrants exercisable at \$0.90 each into one unit until May 13, 2015. Each unit resulting from the exercise of a finder's warrant consists of one common share and one-half of one warrant having the same terms as the private placement warrants. The fair value of the finder's warrants of \$15,960 or \$0.76 per finder's warrant was determined using the Black Scholes option pricing model.

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7. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

b) Issued: (cont'd)

Year Ended September 30, 2014: (cont'd)

- v) The Company issued 1,262,500 common shares pursuant to the exercise of 1,262,500 warrants at \$0.15 per share for proceeds of \$189,375.
- vi) The Company issued 50,000 common shares pursuant to the exercise of 50,000 options at \$0.50 per share for proceeds of \$25,000.
- vii) The Company issued 100,000 common shares pursuant to the exercise of 100,000 options at \$0.19 per share for proceeds of \$19,000.

c) Finder's Warrants:

At September 30, 2015, there were 438,200 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
280,000	\$0.10	January 10, 2016 ⁽¹⁾
14,000	\$0.10	January 13, 2016 ⁽¹⁾
144,200	\$0.35	March 20, 2016

⁽¹⁾ Exercised subsequent to September 30, 2015 (Note 14).

During the year ended September 30, 2015, 21,000 finders' warrants with a weighted average exercise price of \$0.90 expired unexercised. There was no further activity with respect to finders' warrants.

The weighted average exercise price of the outstanding finder's warrants is \$0.18.

The fair value of the finders' warrants issued during the year ended September 30, 2014, was calculated as \$144,802 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	1.14%
Expected life of warrants	1.95 years
Annualized volatility	119%
Dividend rate	0%
Weighted average fair value per warrant	\$0.32

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7. 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, 2013	1,512,547	\$	1.81
Warrants expired	(1,512,547)		1.81
Warrants issued	8,805,000		0.37
Warrants exercised	(1,262,500)		0.15
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

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.

\$Nil was recorded on the modification of the warrants as these warrants had no fair value on issuance and are determined to have no fair value on modification.

At September 30, 2015, after giving effect to the above amendments, there were 6,855,000 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
3,450,000	\$0.15	January 10, 2016 ⁽¹⁾
800,000	\$0.15	January 13, 2016 ⁽¹⁾
1,500,000	\$0.50	March 20, 2017
1,105,000	\$0.50	May 13, 2017

⁽¹⁾ Subsequent to September 30, 2015, 2,650,000 warrants were exercised. The remainder expired unexercised (Note 14).

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.

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7. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

e) Options (cont'd...)

The fair value of the 500,000 options granted during the year ended September 30, 2015 was \$134,000 and the fair value of the 1,470,000 options granted during the year ended September 30, 2014 was \$678,600. The fair value of stock options was calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below.

	Year ended September 30, 2015	Year ended September 30, 2014
Risk-free interest rate	1.70%	1.88%
Expected life of options	5 years	5 years
Annualized volatility	139%	123%
Dividend rate	0%	0%
Forfeiture rate	0%	0%
Weighted average fair value per option	\$0.26	\$0.44

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, 2013	655,000	\$ 1.80
Options granted	1,470,000	0.57
Options expired	(187,500)	2.12
Options exercised	(150,000)	0.29
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
Exercisable at September 30, 2015	2,240,000	\$ 0.36

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

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7. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

e) Options (cont'd...)

At September 30, 2015, after giving effect to the above re-pricing, there were 2,240,000 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

The weighted average remaining life of the outstanding stock options is 3.47 years.

8. 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.

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9. 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 years ended September 30, 2015 and 2014 is summarized as follows:

	2015	2014
Accounting fees	\$ 36,000	\$ 34,500
Management fees and salaries	117,600	101,800
Share-based payments	11,132	287,000
	<u>\$ 164,732</u>	<u>\$ 423,300</u>

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 years ended September 30, 2015 and 2014:

	2015	2014
Directors' fees	\$ 48,000	\$ 28,500
Legal	34,593	39,786
Legal – share issue costs	-	34,873
Share-based payments	104,841	335,400
	<u>\$ 187,434</u>	<u>\$ 438,559</u>

At September 30, 2015, due to related parties includes \$24,203 for fees and expenses (2014: \$1,220) 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.

10. 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 year ended September 30, 2014:

- The Company issued 459,200 finder's warrants with a fair value of \$144,802 pursuant to finder's fee agreements related to private placements.
- The Company reclassified \$26,000 from contributed reserves to share capital representing the fair value of 150,000 stock options exercised.

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11. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Net loss before income taxes	\$ (1,601,249)	\$ (2,519,203)
Combined federal, provincial, state statutory income tax rate	26.00%	26.00%
Expected income tax recovery at statutory tax rates	\$ (416,000)	\$ (655,000)
Change in statutory, foreign tax, foreign exchange rates, and other	(716,000)	(238,000)
Non-deductible expenditures	45,000	99,000
Share issue costs	-	(35,000)
Change in unrecognized deductible temporary differences	1,087,000	829,000
Total	\$ -	\$ -

Significant components of deductible temporary differences and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	September 30, 2015	Expiry dates	September 30, 2014	Expiry dates
Share issue costs	\$ 145,000	2036 to 2038	\$ 248,000	2035 to 2038
Non-capital losses	11,799,000	2025 to 2035	9,275,000	2024 to 2034
Exploration and evaluation assets	2,495,000	No Expiry	1,616,000	No Expiry

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes components of equity as capital.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended September 30, 2015. The Company is not currently subject to externally imposed capital requirements.

13. 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 September 30, 2015.

14. SUBSEQUENT EVENTS

Clayton NE

On December 3, 2015, the Company entered into an option agreement to purchase the Clayton NE lithium exploration property located in the Clayton Valley Esmeralda County, Nevada, United States.

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"). On the third anniversary of the agreement, the Company has the right to purchase 1% of the respective GOR for US\$1,000,000.

Jackson Wash

On December 17, 2015, the Company entered into an option agreement to purchase the Jackson Wash lithium exploration property, located in Esmeralda County, Nevada, United States.

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. On the third anniversary of the agreement, the Company has the right to purchase 1% of the respective GOR for US\$1,000,000.

Atlantis

On December 30, 2015, the Company entered into an interim agreement for an option to purchase the Atlantis lithium exploration property, located in Esmeralda County, Nevada, United States.

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
- 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. On the third anniversary of the agreement, the Company has the right to purchase 1% of the respective GOR for US\$1,000,000.

14. SUBSEQUENT EVENTS (continued)

Private Placement

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 and issued 55,250 finder's warrants. Each finder's warrant entitles the holder to purchase one unit with the same terms as the private placement units at \$0.165 until November 6, 2018.

Warrants Exercised / Expired

The Company issued 2,650,000 common shares at \$0.15 per share pursuant to the exercise of 2,650,000 warrants for proceeds of \$397,500 while the remaining 1,600,000 warrants with an exercise price of \$0.15 expired unexercised.

Finder's Warrants Exercised

The Company issued finders' units comprising 294,000 common shares at \$0.10 per share, and 294,000 warrants exercisable at \$0.15 until January 10, 2016 pursuant to the exercise of 294,000 finder's warrants for proceeds of \$29,400. The warrants attached to the finders' units expired unexercised.

Options Granted

The Company granted 520,000 stock options to purchase 520,000 common shares at \$0.22 per share until November 23, 2020.