**NEVADA SUNRISE GOLD CORPORATION**

Condensed Interim Consolidated Financial Statements

March 31, 2014

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

## NOTE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3, 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
March 31, 2014 and September 30, 2013
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | March 31, 2014 | September 30, 2013 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash | $ 1,019,235 | $ 58,074 |
| Receivables – Note 6 | 9,001 | 222,118 |
| Prepaid expenses | 10,695 | 14,270 |
| | 1,038,931 | 294,462 |
| Non-current assets | | |
| Equipment – Note 5 | 6,906 | 8,279 |
| Exploration and evaluations assets – Notes 6 and 8 | 2,747,525 | 2,557,076 |
| | 2,754,431 | 2,565,355 |
| Total assets | $ 3,793,362 | $ 2,859,817 |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | $ 13,522 | $ 65,752 |
| Due to related parties – Note 8 | 53,516 | 146,649 |
| | 67,038 | 212,401 |
| Equity | | |
| Share capital – Note 7 | 12,890,274 | 11,442,253 |
| Contributed reserves – Note 7 | 1,850,300 | 1,588,858 |
| Accumulated other comprehensive income | 240,249 | 66,708 |
| Deficit | (11,254,499) | (10,450,403) |
| | 3,726,324 | 2,647,416 |
| Total equity and liabilities | $ 3,793,362 | $ 2,859,817 |

Commitments – Notes 6 and 7
Subsequent Events – Note 11

**NEVADA SUNRISE GOLD CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three and six months ended March 31, 2014 and 2013
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Three months ended March 31, 2014 | Three months ended March 31, 2013 | Six months ended March 31, 2014 | Six months ended March 31, 2013 |
|---|---|---|---|---|
| OPERATING EXPENSES | | | | |
| Accounting and audit – Note 8 | $ 11,710 | $ 58,810 | $ 19,210 | $ 81,310 |
| Consulting fees | 5,426 | 23,200 | 13,759 | 40,369 |
| Depreciation – Note 5 | 988 | 2,145 | 1,928 | 4,254 |
| Director's fees – Note 8 | 6,000 | 9,000 | 12,000 | 16,000 |
| Exploration costs – Note 6 | 520,505 | 8,587 | 521,197 | 32,449 |
| Foreign exchange gain | (3,868) | (7,490) | (7,161) | (7,427) |
| Insurance | 4,383 | 6,658 | 8,699 | 9,799 |
| Management fees and salaries – Note 8 | 19,500 | 57,000 | 39,000 | 114,000 |
| Legal – Note 8 | 6,865 | 24,474 | 25,992 | 36,822 |
| Office expenses | 2,833 | 9,335 | 3,925 | 19,924 |
| Rent | 3,075 | 10,908 | 6,150 | 23,493 |
| Shareholder communications | 3,234 | 488 | 5,420 | 6,814 |
| Share-based compensation – Note 7 | 129,600 | 1,046 | 132,600 | 155,071 |
| Storage | 2,804 | 4,455 | 5,936 | 8,910 |
| Transfer agent and filing fees | 9,230 | 9,858 | 14,199 | 13,963 |
| Travel and entertainment | 297 | 653 | 1,242 | 701 |
| Loss for the period | (722,582) | (219,127) | (804,096) | (556,452) |
| Translation adjustment | 72,545 | 80,881 | 173,541 | 115,034 |
| Comprehensive loss for the period | $ (650,037) | $ (138,246) | $ (630,555) | $ (441,418) |
| Basic and diluted loss per share – Note 1 | $ (0.04) | $ (0.01) | $ (0.05) | $ (0.05) |
| Weighted average number of shares outstanding – Note 1 | 15,620,654 | 9,618,335 | 12,611,277 | 9,573,257 |

**NEVADA SUNRISE GOLD CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended March 31, 2014 and 2013
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | (Note 1) Number of Shares | Amount | Contributed Reserves | Accumulated Other Comprehensive Income (Loss) | Deficit | Total |
| Balance as at September 30, 2012 | 9,505,521 | $ 11,280,453 | $ 1,411,055 | $ (82,725) | $ (9,176,907) | $ 3,431,876 |
| Exercise of warrants | 161,800 | 161,800 | - | - | - | 161,800 |
| Share-based compensation | - | - | 155,071 | - | - | 155,071 |
| Cumulative translation adjustment | - | - | - | 115,034 | - | 115,034 |
| Loss for the period | - | - | - | - | (556,452) | (556,452) |
| Balance as at March 31, 2013 | 9,667,321 | $ 11,442,253 | $ 1,566,126 | $ 32,309 | $ (9,733,359) | $ 3,307,329 |
| Balance as at September 30, 2013 | 9,667,321 | $ 11,442,253 | $ 1,588,858 | $ 66,708 | $(10,450,403) | $ 2,647,416 |
| Private placements | 9,200,000 | 1,670,000 | - | - | - | 1,670,000 |
| Share issue costs – Note 8 | - | (221,979) | 128,842 | - | - | (93,137) |
| Share-based compensation | - | - | 132,600 | - | - | 132,600 |
| Cumulative translation adjustment | - | - | - | 173,541 | - | 173,541 |
| Loss for the period | - | - | - | - | (804,096) | (804,096) |
| Balance as at March 31, 2014 | 18,867,321 | $ 12,890,274 | $ 1,850,300 | $ 240,249 | $(11,254,499) | $ 3,726,324 |

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

**NEVADA SUNRISE GOLD CORPORATION**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended March 31, 2014 and 2013
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

| | 2014 | 2013 |
|---|---|---|
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Loss for the period | $ (804,096) | $ (556,452) |
| Items not involving cash: | | |
| Depreciation | 1,928 | 4,254 |
| Share-based compensation | 132,600 | 155,071 |
| Net changes in non-cash working capital balances: | | |
| Receivables | 213,117 | 4,493 |
| Prepaid expenses | 3,575 | - |
| Accounts payable and accrued liabilities | (52,230) | (15,770) |
| Due to related parties | (93,133) | 20,547 |
| | (598,239) | (387,857) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Exploration and evaluation assets – acquisition costs | (2,002) | (52,961) |
| | (2,002) | (52,961) |
| CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | | |
| Issuance of common shares for cash, net of share issue costs | 1,576,863 | 161,800 |
| | 1,576,863 | 161,800 |
| Effect of exchange rate on cash | (15,461) | 28,131 |
| Net change in cash during the period | 961,161 | (250,887) |
| Cash, beginning | 58,074 | 1,013,031 |
| Cash, ending | $ 1,019,235 | $ 762,144 |
| Interest paid | $ - | $ - |
| Income taxes paid | $ - | $ - |

Non-cash Transactions – Note 10

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

## 1. CORORATE 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 mineral properties in the State of Nevada. The Company completed its initial public offering on January 15, 2009 and it common shares were listed for trading on the TSX Venture Exchange under the symbol "NEV".

The Company's head office and principal business address is Suite 880 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

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 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 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 year ended September 30, 2013.

These condensed interim consolidated financial statements were authorized for issue on May 23, 2014 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, 2014 has an accumulated deficit of $11,254,499. At March 31, 2014, the Company had working capital of $971,893. The Company will require additional equity financings in order to continue exploration of its mineral properties and fund its administrative operations.

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.

## 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 and Use of Accounting Judgments, Estimates and Assumptions***

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 financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts are stated in Canadian dollars unless otherwise specified.

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 value and the recoverability of exploration and evaluation assets included in the statements of financial position. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggests the carrying amount exceeds the recoverable amount.

*ii) Share-based Payments*

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. The share-based payments expense is 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

***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:

| | |
|---|---|
| Furniture and equipment | 7 years |
| Computer equipment and software | 3 years |
| Tenant improvements | 5 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.

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 operations 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.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

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

***Decommissioning, Restoration and Similar Liabilities***

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, 2014 and September 30, 2013.

***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, The Effects of Changes in Foreign Exchange Rates.

*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 results and statements of financial position of all the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;
ii) Items of equity are translated at historical rates;
iii) Income and expenses for each statement of income are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
iv) All resulting exchange differences are recognized as accumulated other comprehensive income (loss), a separate component of equity.

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

***Related Party Transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

***Share-based Compensation***

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 compensation 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 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 taking 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.

***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 recorded using the statement of financial position liability method whereby deferred tax is 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.

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

***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 and loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's due from related parties, and 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, 2014 and September 30, 2013, the Company has not classified any financial assets as available for sale.

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.

***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. The Company has classified its Convertible note payable as financial liabilities classified as FVTPL.

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

***Impairment***

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 share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

***New Standards, Amendments and Interpretations Not Yet Effective***

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2014 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

- IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2015 with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- IAS 32 'Financial Instruments: Presentation' - effective for annual periods beginning on or after January 1, 2014, is amended to provide guidance on the offsetting of financial assets and financial liabilities.

(Stated in Canadian Dollars)

## 4. FINANCIAL INSTRUMENTS

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2014 and September 30, 2013:

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| March 31, 2014: | | | |
| Cash | $ 1,019,235 | $ - | $ - |
| September 30, 2013: | | | |
| Cash | $ 58,074 | $ - | $ - |

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

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables which are comprised of reimbursable exploration expenditures. The Company's management believes it has no significant credit risk.

## 4. FINANCIAL INSTRUMENTS (cont'd…)

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had a cash balance of $1,019,235 to settle current liabilities of $67,038. The Company will require additional equity financings in order to continue operations.

*Market risk*

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

a) Interest rate risk

The Company has cash balances which are not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions or short-term debt instruments issued by the federal government. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of March 31, 2014, the Company did not have any investments in investment-grade short-term deposit certificates or short-term debt issued by the federal government.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash 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, 2014, a 10% fluctuation in the US dollar against the Canadian dollar would affect net comprehensive income or loss by approximately $3,809.

(Stated in Canadian Dollars)

## 5. EQUIPMENT

| | Furniture & Equipment | Computer & Software | Tenant Improvements | Field Equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at October 1, 2013 | $ - | $ 4,324 | $ - | $ 15,758 | $ 20,082 |
| Cumulative translation adjustment | - | 318 | - | 1,161 | 1,479 |
| Balance at March 31, 2014 | $ - | $ 4,642 | $ - | $ 16,919 | $ 21,561 |
| Accumulated Depreciation | | | | | |
| Balance at October 1, 2013 | $ | $ 1,983 | $ - | $ 9,820 | $ 11,803 |
| Depreciation | - | 753 | - | 1,175 | 1,928 |
| Cumulative translation adjustment | - | 166 | - | 758 | 924 |
| Balance at March 31, 2014 | $ - | $ 2,902 | $ - | $ 11,753 | $ 14,655 |
| Net Book Value | | | | | |
| Balance at March 31, 2014 | $ - | $ 1,740 | $ - | $ 5,166 | $ 6,906 |

| | Furniture & Equipment | Computer & Software | Tenant Improvements | Field Equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at October 1, 2012 | $ 16,568 | $ 18,511 | $ 23,846 | $ 15,045 | $ 73,970 |
| Dispositions | (16,568) | (14,313) | (23,846) | - | (54,727) |
| Cumulative translation adjustment | - | 126 | - | 713 | 839 |
| Balance at September 30, 2013 | $ - | $ 4,324 | $ - | $ 15,758 | $ 20,082 |
| Accumulated Depreciation | | | | | |
| Balance at October 1, 2012 | $ 11,891 | $ 15,370 | $ 22,006 | $ 7,411 | $ 56,678 |
| Depreciation | 1,896 | 1,421 | 1,657 | 2,219 | 7,193 |
| Dispositions | (13,787) | (14,866) | (23,663) | - | (52,316) |
| Cumulative translation adjustment | - | 58 | - | 190 | 248 |
| Balance at September 30, 2013 | $ - | $ 1,983 | $ - | $ 9,820 | $ 11,803 |
| Net Book Value | | | | | |
| Balance at September 30, 2013 | $ - | $ 2,341 | $ - | $ 5,938 | $ 8,279 |

(Stated in Canadian Dollars)

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

Title to exploration and evaluation assets 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.

| | Golden Arrow | Iron Point | Juniper | Kinsley Mountain | Pinnacle | Total |
|---|---|---|---|---|---|---|
| Balance, October 1, 2013 | $ 2,557,076 | $ - | $ - | $ - | $ - | $2,557,076 |
| Acquisition costs | 2,002 | - | - | - | - | 2,002 |
| Cumulative translation adjustment | 188,447 | - | - | - | - | 188,447 |
| Balance, March 31, 2014 | $ 2,747,525 | $ - | $ - | $ - | $ - | $2,747,525 |

| | Golden Arrow | Iron Point | Juniper | Kinsley Mountain | Pinnacle | Total |
|---|---|---|---|---|---|---|
| Balance, October 1, 2012 | $ 2,329,819 | $ - | $ - | $ - | $ 87,268 | $2,417,087 |
| Acquisition costs | 126,896 | - | - | - | 9,281 | 136,177 |
| Cumulative translation adjustment | 100,361 | - | - | - | 14,548 | 114,909 |
| Dispositions | - | - | - | - | (111,097) | (111,097) |
| Balance, September 30, 2013 | $ 2,557,076 | $ - | $ - | $ - | $ - | $2,557,076 |

| | Golden Arrow | Iron Point | Juniper | Kinsley Mountain | Pinnacle | Total |
|---|---|---|---|---|---|---|
| Cumulative exploration costs at October 1, 2013 | $ 2,685,956 | $ 2,468 | $ 10,601 | $ 24,597 | $ 30,430 | $ 2,754,052 |
| Drilling | - | - | - | 520,488 | - | 520,488 |
| Consulting | 709 | - | - | - | - | 709 |
| Exploration costs, period ended March 31, 2014 | 709 | - | - | 520,488 | - | 521,197 |
| Cumulative exploration costs at March 31, 2014 | $ 2,686,665 | $ 2,468 | $ 10,601 | $ 545,085 | $ 30,430 | $ 3,275,249 |

(Stated in Canadian Dollars)

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

| | Golden Arrow | Iron Point | Juniper | Kinsley Mountain | Pinnacle | Total |
|---|---|---|---|---|---|---|
| Cumulative exploration costs at October 1, 2012 | $ 2,653,422 | $ 2,468 | $ 10,601 | $ 23,738 | $ 27,451 | $ 2,717,680 |
| Geophysical survey | 28,407 | - | - | - | - | 28,407 |
| Consulting | 4,127 | - | - | 859 | 2,979 | 7,965 |
| Exploration costs, year ended September 30, 2013 | 32,534 | - | - | 859 | 2,979 | 36,372 |
| Cumulative exploration costs at September 30, 2013 | $ 2,685,956 | $ 2,468 | $ 10,601 | $ 24,597 | $ 30,430 | $ 2,754,052 |

### *Golden Arrow, Nevada*

The Company has a mining lease and two quitclaim deeds covering certain areas of the Golden Arrow property. The mining lease agreement, which includes a 2% net smelter royalty and requires advance minimum royalty payments of US$50,000 per year, is set to expire on December 31, 2016. However, the Company may extend the mining lease for additional one year terms by paying escalating annual lease payments. The terms of this mining lease were amended on December 30, 2013, as discussed below. One of the quitclaim deeds includes a 1% net smelter royalty. The other quitclaim deed 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.

On December 30, 2013, the Company amended the terms of the mining lease on several claim blocks at Golden Arrow as follows:

i) The advance minimum royalty payment of $50,000 per year was reduced to $25,000 per year, for the remainder of the term of the mining lease (the Company will pay $50,000 in aggregate for the remainder of the lease).

ii) The advance minimum royalty payment due on January 1, 2014 was deferred to July 1, 2014. Each subsequent annual advance minimum royalty payment of $25,000 is due and payable on January 1st of each succeeding calendar year, until the expiry of the mining lease.

iii) The 2% net smelter royalty is increased to 3% ("amended royalty").

iv) The Company may purchase 1% of the amended royalty for $1,000,000 at any time during the remaining mining lease term.

### *Kinsley Mountain, Nevada*

The Company has a mining lease agreement with a company in which a former director of the Company ("former related party") has a royalty interest in the Kinsley Mountain property. The Kinsley Mountain lease agreement has a 3% net smelter royalty on production. In 2011, the Company and the former related party amended certain provisions of the mining lease agreement including the expiration date and the timing of advance minimum royalty payments for no additional consideration. The agreement now runs through June 2020; however, the Company has the right to terminate the mining lease with the former related party upon thirty days written notice; or to extend the lease beyond 2020 provided the Company continues to make advance minimum royalty payments. Per the lease agreement, beginning June 2012, the Company has an obligation to expend a minimum of US$500,000 annually in exploration, development and mining activities on the Kinsley Mountain property. The Company's minimum annual work obligation will be fulfilled by Pilot's exploration expenditures, as discussed below.

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

***Kinsley Mountain, Nevada** (cont'd…)*

Effective fiscal 2012, Pilot acquired a 51% interest in the Kinsley Mountain Property by incurring an aggregate US$1.18 million in exploration expenditures and having paid all annual property maintenance fees, advance royalty payments, and mining lease payments, before March 2013, which was achieved by Pilot in March 2012.

In February 2013, Pilot gave notice to the Company that it had completed US$3 million in eligible expenditures to increase its participating interest in Kinsley Mountain to 65% in accordance with the agreement. As a result, the Company had an obligation to fund its 35% share of the operating costs of the Kinsley Mountain going forward. The Kinsley Mountain property is collateral for the payment of cash calls for operating costs. The Company intends to fund any cash calls with equity financings. There is no assurance the Company will be able to raise this capital (Note 1).

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 a $3.4-million exploration program at the Kinsley Mountain in its entirety which has further increased Pilot's interest from 65% to approximately 79% with the Company holding an approximate 21% interest. Pilot agreed to reimburse to the Company for $211,616 in expenditures which is included in receivables at September 30, 2013 and which was repaid in October 2013.

On October 28, 2013, the Company announced that a definitive joint venture agreement had been signed between the Company and Pilot for the Kinsley Mountain property. A Delaware limited liability company, Kinsley Mountain LLC, was formed to manage the joint venture with Pilot as the operator.

In January 2014, the Company notified Pilot of its election to fund its share of the proposed 2014 exploration program. The Company's share of the 2014 exploration program was originally budgeted at US$943,936, and by agreement was increased in April 2014 to US$1,265,697.

During the three months ended March 31, 2014, the Company advanced US$484,130 to Pilot for the 2014 exploration program.

***Pinnacle, Nevada***

Effective January 2011, the Company entered into a mining lease agreement with a company in which a former officer and director of the Company was managing director and had a minority interest covering the Pinnacle property. The agreement included a sliding scale net smelter royalty on production from 2.5% to 5% depending on the price of gold. The Company could terminate the agreement by giving written notice prior to July 1 of the year of its determination and executing a quitclaim deed conveying its interest in the property to the related party.

In August 2013, the Company announced that it had given notice to terminate the lease agreement on the Pinnacle property. As a result, the Company wrote-off $111,097 in acquisition costs related to the Pinnacle property.

(Stated in Canadian Dollars)

## 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 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.

At March 31, 2014, there were 18,867,321 (September 30, 2013: 9,667,321) common shares issued and outstanding.

*Six months ended March 31, 2014:*

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.

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 above 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 per finder's warrant. Each finder's warrant consists of one common share and one warrant entitling the holder to purchase one common share at $0.15 with 280,000 finder's warrants exercisable until January 10, 2016 and 14,000 finder's warrants exercisable until January 13, 2016. 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 valuation model with the following assumptions:

| | |
|---|---|
| Risk-free interest rate | 1.13% |
| Expected life of warrants | 2 years |
| Annualized volatility | 105% |
| Dividend rate | 0% |

(Stated in Canadian Dollars)

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

b) Issued: (cont'd…)

*Six months ended March 31, 2014:*

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 above 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 per finder's warrant. Each 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 valuation model with the following assumptions:

| | |
|---|---|
| Risk-free interest rate | 1.13% |
| Expected life of warrants | 2 years |
| Annualized volatility | 139% |
| Dividend rate | 0% |

*Six months ended March 31, 2013:*

During the six months ended March 31, 2013, 161,800 common shares were issued pursuant to the exercise of 161,800 warrants at $1.00 per share for proceeds of $161,800.

c) Finder's Warrants:

At March 31, 2014, there were 438,200 finder's warrants outstanding entitling the holders thereof the right to purchase one unit for each finder's warrant held as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 280,000 | $0.10 | January 10, 2016 |
| 14,000 | $0.10 | January 13, 2016 |
| 144,200 | $0.35 | March 20, 2016 |

(Stated in Canadian Dollars)

## 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 October 1, 2012 | 2,633,743 | $ | 1.63 |
| Warrants expired | (959,396) | | 1.46 |
| Warrants exercised | (161,800) | | 1.00 |
| Balance at September 30, 2013 | 1,512,547 | $ | 1.81 |
| Warrants expired | (1,512,547) | | 1.81 |
| Warrants issued | 7,700,000 | | 0.23 |
| Balance at March 31, 2014 | 7,700,000 | $ | 0.23 |

At March 31, 2014, there were 7,700,000 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 |
|---|---|---|
| 5,400,000 | $0.15 | January 10, 2016 |
| 800,000 | $0.15 | January 13, 2016 |
| 1,500,000 | $0.55 | March 20, 2016 |

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. Stock options are subject to vesting requirements as determined by the Company's Board of Directors.

The fair value attributable to options vested during the six months ended March 31, 2014 was $132,600. A total of 820,000 options were granted during the six months ended March 31, 2014. The weighted average fair value of options granted during the six months ended March 31, 2014 was $0.16.

The fair value attributable to options vested during the year ended September 30, 2013 was $177,803. A total of 270,000 options were granted during the year ended September 30, 2013. The weighted average fair value of options granted during the year ended September 30, 2013 was $0.65.

(Stated in Canadian Dollars)

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

e) Options (cont'd…)

The following weighted average assumptions were used for the Black-Scholes model of valuation of stock options granted during the six months ended March 31, 2014 and the year ended September 30, 2013:

| | Six months ended March 31, 2014 | Year ended September 30, 2013 |
|---|---|---|
| Risk-free interest rate | 1.63% | 1.37% |
| Expected life of options | 5 years | 5 years |
| Annualized volatility | 122% | 122% |
| Dividend rate | 0% | 0% |
| Forfeiture rate | 0% | 0% |

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

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance at October 1, 2012 | 570,000 | $ 2.34 |
| Options granted | 270,000 | 1.13 |
| Options expired | (185,000) | 2.50 |
| Balance at September 30, 2013 | 655,000 | $ 1.80 |
| Options granted | 820,000 | 0.19 |
| Options cancelled | (175,000) | 2.09 |
| Options expired | (12,500) | 2.50 |
| Balance at March 31, 2014 | 1,287,500 | $ 0.73 |

At March 31, 2014, there were 1,287,500 stock options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

| Number of Shares | Exercise Price | Expiry Date |
|---|---|---|
| 40,000 | $2.50 | July 29, 2015 |
| 77,500 | $2.20 | March 13, 2017 |
| 120,000 | $2.20 | May 10, 2017 |
| 130,000 | $1.50 | December 4, 2017 |
| 100,000 | $0.50 | August 29, 2018 |
| 10,000 | $0.50 | October 28, 2018 |
| 810,000 | $0.19 | January 30, 2019 |

At March 31, 2014, the weighted average remaining contractual life of the outstanding options was 4.30 years.

(Stated in Canadian Dollars)

## 8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. 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 during the six months ended March 31, 2014 and 2013 is summarized as follows:

| | | 2014 | | 2013 |
|---|---|---|---|---|
| Accounting fees | $ | 16,500 | $ | 45,000 |
| Management fees and salaries | | 39,000 | | 114,000 |
| Share-based compensation | | 56,000 | | 35,666 |
| | $ | 111,500 | $ | 194,666 |

The Company incurred the following charges by directors of the Company, by companies with officers in common with the Company, by a company affiliated with the Company and by a law firm in which a director of the Company is a partner during the six months ended March 31, 2014 and 2013:

| | | 2014 | | 2013 |
|---|---|---|---|---|
| Accounting fees | $ | 16,500 | $ | 45,000 |
| Advance minimum royalty payments | | - | | 3,000 |
| Director's fees | | 12,000 | | 16,000 |
| Legal | | 24,580 | | 35,583 |
| Legal – share issue costs | | 23,267 | | - |
| Management fees and salaries | | 39,000 | | 114,000 |
| | $ | 115,347 | $ | 213,583 |

At March 31, 2014, due to related parties includes $53,516 for fees and expenses (September 30, 2013: $146,649) due to directors of the Company, to companies with officers in common with 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. SEGMENTED INFORMATION

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

## 10. NON-CASH TRANSACTIONS

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 March 31, 2014:*

- The Company issued 438,200 finder's warrants with a fair value of $128,842 pursuant to finder's fee agreements related to private placements.

## 11. SUBSEQUENT EVENTS

*Private Placement*

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 above private placement, the Company paid finder's fees of $13,500 and issued 21,000 finder's warrants exercisable at $0.90 per finder's warrant until May 13, 2015. Each finder's warrant consisted of one common share and one-half of one warrant having the same terms as the private placement warrants.

*Warrants and Options Exercised*

The Company issued 950,000 common shares pursuant to the exercise of 950,000 warrants at $0.15 per share for proceeds of $142,500.

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.

*Options Granted*

On May 20, 2014, the Company granted 650,000 stock options to directors, officers and consultants entitling the holders thereof the right to purchase one common share for each option held at $1.05 per share until May 20, 2019.