



**NEVADA SUNRISE GOLD CORPORATION**  
**MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)**  
**For the nine months ended June 30, 2014**

## **INTRODUCTION**

Nevada Sunrise Gold Corporation (“Nevada Sunrise” or the “Company”) is an exploration stage company whose common shares are listed for trading on the TSX Venture Exchange under the symbol NEV. The Company’s business is the acquisition, exploration and evaluation of mineral properties located in the State of Nevada, USA. Nevada Sunrise holds interests in two principal properties. Firstly, the Company holds a 21% participating interest in Kinsley Gold LLC at the Kinsley Mountain property with Pilot Gold Inc. (“Pilot Gold”) holding the other 79% interest. Secondly, the Company holds a 100% interest in the Golden Arrow property. Both properties are subject to certain royalties held by property vendors.

This discussion and analysis of financial position, results of operations and cash flows of Nevada Sunrise Gold Corporation for the nine months ended June 30, 2014 includes information up to and including August 28, 2014 and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the nine months ended June 30, 2014 and the Company’s audited annual consolidated financial statements for the years ended September 30, 2013 and 2012. All the financial statements were prepared using International Financial Reporting Standards. All dollar figures are in Canadian dollars unless otherwise stated.

The reader is encouraged to review the Company’s statutory filings on [www.sedar.com](http://www.sedar.com) and to review other information about the Company on its website at [www.nevadasunrise.ca](http://www.nevadasunrise.ca)

## **PRESIDENT’S MESSAGE**

During the past twelve months, Nevada Sunrise has made great strides in an unsettled market thanks to the strength of its exploration properties and to the team of people that provide their experience to guide the Company. The discovery of high-grade gold mineralization at Kinsley Mountain in northeastern Nevada is a credit to the technical expertise of the Pilot Gold exploration team and we look forward to the continued development of that project. The Company is seeking exploration partners for the Golden Arrow project in order to increase the value of the known gold resource at Golden Arrow. The Company’s technical team is also evaluating other gold properties in Nevada for possible acquisitions. We believe Nevada Sunrise is on a path to success, and we thank our shareholders for their continued support.

Sincerely,

*“Warren Stanyer”*

Warren Stanyer, President and CEO

## **DISCLOSURE CONTROLS & PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Management is responsible for the preparation and integrity of its consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including its consolidated financial statements and MD&A, is complete and reliable. The Company’s board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The audit committee meets with management quarterly to review the consolidated financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

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

Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of exploration programs, fluctuating commodity prices, the possibility of equipment breakdowns and delays, the availability of necessary exploration equipment including drill rigs, exploration cost overruns, general economic or business conditions, regulatory changes, and the timeliness of government or regulatory approvals to conduct planned exploration work. Additional factors that could cause actual results to differ materially from the Company's plans or expectations include political events, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability on production, the ability to raise sufficient capital to fund exploration or production, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, inability to obtain permits, general volatility in the equity and debt markets, accidents and labor disputes and the availability of qualified personnel.

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

## OVERALL PERFORMANCE

### *Kinsley Mountain*

The Kinsley Mountain property (“Kinsley Mountain”) is located in eastern Nevada in Elko County between the towns of Ely and Wendover, Nevada. The Company’s original staking at Kinsley Mountain consisted of 141 unpatented lode mining claims covering an area of approximately 2,807 acres (1,136 ha.). New staking has increased the size of the Kinsley Mountain property to 460 claims covering 8.720 acres (3,529 ha.). Kinsley Mountain lies roughly 75 kilometres (45 miles) southeast of the Long Canyon property where the geologic team of Pilot Gold, then part of Fronteer Gold Inc., defined a significant gold resource in what is now recognized as an emerging gold district.

Pilot Gold has conducted exploration programs on the property in 2011, 2012 and 2013, and has earned an approximate 79% interest in the property on conclusion of the 2013 program. In January 2014, Nevada Sunrise elected to contribute to the 2014 exploration program to maintain its approximate 21% interest in Kinsley Mountain.

### History of Exploration

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

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

Gold mineralization at Kinsley Mountain consists both of shallow low-grade oxide ore, which was mined and produced by Alta Gold, and deeper higher-grade refractory mineralization. This deeper mineralization was tested by a limited number of drill holes. The Company has assembled a substantial historical archive for the Kinsley Mountain property, including records for 1,156 drill holes, with a total length of 244,900 feet (an average depth of only 212 feet).

### Development of Kinsley Gold LLC Joint Venture

On April 8, 2010, the Company announced that it had entered into an option agreement (the Kinsley Option”) with Animas Resources Ltd. (“Animas”) on Kinsley Mountain which gave Animas the right to earn a 51% interest in Kinsley Mountain by spending US\$1.5 million in exploration expenditures over three years. Animas agreed to spend US\$200,000 in exploration expenditures during 2010 to maintain the Kinsley Option, and would act as operator of exploration at Kinsley Mountain.

***Kinsley Mountain*** – (cont'd)

Nevada Sunrise and Animas agreed to form a joint venture upon Animas earning its 51% interest in Kinsley Mountain for further exploration work to be carried out on the property. After earning its 51% interest in Kinsley Mountain, Animas had the right to earn an additional 14% interest by spending US\$3.0 million in exploration expenditures within five years, which would bring its interest in Kinsley Mountain to 65%.

On September 21, 2011, Nevada Sunrise announced the purchase by Pilot Gold of the Kinsley Option from Animas. Pursuant to the amended terms of the Kinsley Option, Pilot Gold would have the exclusive right to earn a 51% undivided interest in Kinsley Mountain by incurring US\$1.18 million in exploration expenditures by March 30, 2013 (incurred). Pilot Gold could earn an additional undivided 14% interest in Kinsley Mountain by incurring an additional US\$3.0 million in exploration expenditures within five years of meeting the initial earn-in.

On April 10, 2013, the Company announced that Pilot Gold had given notice that it had completed the US\$3,000,000 in eligible expenditures at Kinsley Mountain to increase its participating interest to 65%. In addition, the Company received an exploration program proposal for 2013 for Kinsley Mountain from Pilot Gold, which included diamond drilling, a resource estimate as drilling progressed, and metallurgical studies planned in connection with the resource estimate.

On August 15, 2013, the Company announced that it had elected not to finance its 35% portion of the 2013 Kinsley Mountain budget. As a result, Pilot Gold solely financed a modified US\$3,400,000 exploration program. Pilot Gold's interest in Kinsley Mountain therefore increased to approximately 79% and the Company's interest in the joint venture was diluted to approximately 21%.

The decision not to participate in the 2013 work program was made after careful assessment of numerous factors including the state of the capital markets in the junior mining sector. In conjunction with that decision, the Company implemented a number of cost reduction measures including terminating the lease on the Pinnacle property and closing of its California office. These measures were taken to ensure the continued viability of the Company and to enable the Company to participate in future work programs at Kinsley Mountain.

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

## ***Kinsley Mountain – (cont'd)***

### 2011 Exploration

On February 10, 2012, Nevada Sunrise announced the initial 2011 drilling results at Kinsley Mountain, which returned impressive intervals of gold mineralization. Pilot Gold's first work program included 1,267 metres in 6 holes of diamond drilling designed to confirm mineralization of historical reverse circulation holes near the margins of open pits at the past-producing Kinsley Mountain mine.

Drill highlights included:

- 5.91 g/t Au over 18.4 metres, including 11.93 g/t Au over 7.8 metres in hole PK-04;
- 6.75 g/t Au over 7.5 metres, including 13.52 g/t Au over 3.2 metres in hole PK-03;
- 6.23 g/t Au over 8.7 metres, including 12.05 g/t Au over 3.0 metres in hole PK-02.

The six holes drilled in 2011 were near-twins of existing holes in two locations, one to the north of the main pit and one located between two satellite pits to the southeast. These initial drill results provided confidence of historical drilling and adequately represented gold content at Kinsley Mountain.

### 2012 Exploration

Over the course of the 2012 program, approximately 12,000 metres of infill and step-out core and reverse circulation drilling were completed to define and expand the mineralized zones identified by previous operators. In conjunction with drilling, a comprehensive regional effort to identify new targets was completed, encompassing both the original 141 claims, as well as 128 claims staked by Pilot Gold to the north in a largely unexplored area. Through this work, a new mineralized zone was intersected in drilling (Candland Canyon) and the Western Flank Zone was expanded to now cover an area 600 metres by 100 metres.

Drill highlights included:

- 6.03 g/t Au over 13.7 metres, including 15.18 g/t gold over 4.6 metres in hole PK06;
- 5.48 g/t Au over 20.4 metres, including 16.43 g/t gold over 5.5 metres in hole PK014C;
- 2.30 g/t Au over 19.8 metres in hole PK057.

Pilot Gold developed a three-dimensional model of geology and mineralization, in order to aid in the selection of new, high-grade drill targets. Surface soil and rock samples show anomalous pathfinder geochemistry extending seven kilometres to the north of the historical open pits. A Plan of Operations was submitted to the U.S. Bureau of Land Management to allow for property-wide drilling in 2013 throughout the southern claim block.

## ***Kinsley Mountain – (cont'd)***

### **2013 Exploration**

In July 2013, Pilot Gold commenced a drill program, following-up targets delineated from the 2012 campaign. This program defined and expanded gold mineralization over a 2.2 kilometre-long strike length. Pilot Gold tested high-priority targets within a core group of claims including the Western Flank, Candland Canyon, and the Main pit areas, testing extensions trending north-northeast and southwest of the historical pits.

The 2013 drilling showed that significant gold also occurs within a lower zone of silty limestone below the Candland Shale. This host horizon was neither identified nor tested by previous operators. Recent core drilling suggests that the tabular zones of mineralized and favorable host rock are cut by one or more high-angle structures causing collapse breccia zones where the mineralization becomes thicker and higher-grade.

On August 30, 2013, Pilot Gold obtained a key permit for Kinsley Mountain allowing it to initiate drilling on high-priority targets across a core group of claims. The approved plan of operations allowed Pilot Gold up to 70 acres for exploration and development drilling on the Western Flank, Candland Canyon and extensions trending north-northeast and southwest of the historical pits. Pilot Gold has submitted an amendment to the plan of operations to include additional target areas including the entire northern portion of the Kinsley Range.

On November 18, 2013, Nevada Sunrise released assay results for the first 30 holes of the 2013 drill program with results pending on the remaining 28 holes. The initial results returned the highest grade intercept in more than 1,300 holes drilled to date at Kinsley Mountain - 8.53 grams per tonne gold over 36.6 metres including 29.43 grams per tonne gold over 7.6 metres in HQ core drill hole PK091CA.

The assay results from the Western Flank target located 550 metres northwest of the past-producing pits at Kinsley Mountain also expanded the area of high-grade gold mineralization and demonstrated the potential for Kinsley Mountain to host significant high-grade gold mineralization.

Drill highlights included:

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

## ***Kinsley Mountain – (cont'd)***

On January 13, 2014, Nevada Sunrise released additional drilling results from the Western Flank target, which showed significant intersections in drill holes spaced over a 500-metre trend that remains open to the north and south. Hole PK091CA, which returned 8.53 grams per tonne gold over 36.6 metres, is at the centre of the Western Flank trend. Pilot Gold drilled approximately 14,200 metres in 58 holes in its 2013 Kinsley program.

Drill highlights along trend included:

- 5.00 g/t Au over 7.6 metres and 4.71 g/t Au over 7.3 metres in hole PK096C;
- 2.50 g/t Au over 24.4 metres in hole PK104C;
- 6.34 g/t Au over 5.9 metres, including 9.91 g/t Au over 3.4 metres in hole PK106C.

### 2014 Exploration

On January 16, 2014, Nevada Sunrise announced the commencement of the 2014 exploration program budgeted at US\$4.47 million and the Company notified Pilot Gold of its intention to finance its US\$943,936 share of the proposed program. In April 2014, the 2014 budget was subsequently increased to US\$6.04 million, of which the Company's share is US\$1,265,697.

Pilot Gold is operating under an approved 65 acre (26.3 hectares) Plan of Operations, and has secured 1,080 acre/feet of water rights. The initial 2014 winter drilling program focused on infilling and extending the Western Flank toward the Right Spot target, where host rocks returned significant gold values in road cut sampling.

Highlights from the 12-hole, 4,229 metre 2014 Phase 1 winter diamond drilling program at the Western Flank included:

- 6.85 g/t Au over 41.7 metres in PK127C;
- 10.5 g/t Au over 42.7 metres in PK131C;
- 7.53 g/t Au over 53.3 metres in PK132C;
- 10.6 g/t Au over 30.0 metres in PK133C;
- 1.44 g/t Au over 12.2 metres and 2.84 g/t Au over 18.9 metres in PK134C;
- 21.3 g/t Au over 29.0 metres in PK137C\*
- 15.6 g/t Au over 38.7 metres in PK137CA\*

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

The 2014 drill program resumed on May 7, 2014.

### ***Kinsley Mountain – (cont'd)***

On June 5, 2014, Nevada Sunrise announced that step-out drilling on the Right Spot target yielded significant intersections of gold mineralization in oxidized rock at shallow depths. The Right Spot target is located along the 2 kilometre long NNE Western Flank trend, approximately 1 kilometre south of the recently discovered high-grade zone.

Highlights from the Right Spot area include:

- 3.35 g/t Au over 41.1 metres in PK144, including 5.11 g/t Au over 4.6 metres;
- 3.08 g/t Au over 19.8 metres in PK138;
- 2.43 g/t Au over 19.8 metres in PK139;
- 1.75 g/t Au over 22.9 metres in PK142.

Mapping and rock sampling at the Right Spot identified a 250 metre northeast trending zone of jasperoids returning 1-5 g/t Au in grab samples and 2.0 g/t Au over 15 metres in road cut samples. This zone of surface mineralization, hosted in the Candland Shale and Big Horse Limestone (the primary ore hosts at the historic Kinsley mine) extends under shallow cover to the northeast. Other stratigraphic host units, including the Clark Springs Limestone, Secret Canyon Shale and Hamburg Limestone, are modeled at depth.

On July 10, 2014, Nevada Sunrise announced that step-out drilling to the north and west of the recently discovered zone of high-grade gold mineralization in the Western Flank area at Kinsley Mountain had returned long intercepts of gold mineralization in multiple horizons.

Highlights of step-out drilling include:

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Intercept (m)</b>	<b>Grade (g/t)</b>	<b>Unit</b>
PK158C ( <i>22m step-out</i> )	<b>274.9</b>	<b>313.0</b>	<b>38.1</b>	<b>5.59</b>	Secret Canyon
including	<b>282.5</b>	<b>299.3</b>	<b>16.8</b>	<b>9.99</b>	
PK141C ( <i>50m step-out</i> )	136.2	143.3	7.0	1.12	Candland Shale
and	276.5	293.2	16.8	2.46	Secret Canyon
and	<b>360.3</b>	<b>390.8</b>	<b>30.5</b>	<b>3.81</b>	
PK151C ( <i>30m step-out</i> )	133.0	143.3	10.2	2.04	Candland Shale
and	<b>292.9</b>	<b>305.4</b>	<b>12.5</b>	<b>8.35</b>	Secret Canyon
including	<b>297.6</b>	<b>303.9</b>	<b>6.2</b>	<b>14.5</b>	

Pilot Gold reports that the Western Flank target remains open in multiple directions with strong gold grades and continuity.

### ***Kinsley Mountain – (cont'd)***

The 2014 drill program is designed to extend and delineate the high-grade Western Flank zone and test for mineralization in several stratigraphic horizons along a 2 kilometre-long, north-northeast trending corridor from the Western Flank discovery to the Right Spot and Secret Spot targets. High-grade gold mineralization at the Western Flank is hosted mostly in the Secret Canyon Formation – a newly discovered host horizon not recognized by previous operators - as well as within the previously exploited, variably oxidized, Candland shale host horizon.

Results from the current phase of drilling in the Western Flank suggest a more complex, structurally-controlled body of mineralization than originally contemplated, with both an east-west and north-south elongation. In addition, a lower zone of mineralization, lying approximately 100 metres below the main high-grade zone was encountered in PK141C and PK158C. As operator at Kinsley Mountain, Pilot Gold continually integrates new data and results into the geologic model, resulting in a refined and evolving understanding of the mineralized system at the Western Flank.

An amendment to the Plan of Operations is currently pending for an additional 23 acres (9.3 hectares) on the Kinsley North claims, which host a series of high priority targets that have never been drill tested. Geochemical anomalies, with significant gold values in surface rock samples and extensive geologic mapping have confirmed the presence of key structures and regional stratigraphic gold hosts and have defined drill targets.

In late May 2014, Pilot Gold leased five patented claims totaling 66 acres located to the south of the historical Kinsley mine where previous operators intersected gold mineralization at and near-surface within the Candland Shale.

Drilling is ongoing at the Western Flank and the Secret Spot target areas. Pilot Gold reports that as of August 12, 2014 a total of 14,300 metres have been drilled since the start of the 2014 program.

For further information about Kinsley Mountain please refer to a technical report entitled "Technical report on the Kinsley project, Elko county, Nevada, USA," effective Feb. 15, 2012, and dated March 26, 2012, prepared by Michael M. Gustin, CPG, of Mine Development Associates, and Moira Smith, Ph.D., P.Geo., and Kent Samuelson of Pilot Gold, filed on May 9, 2012, under the Company's issuer profile on SEDAR and also available for viewing on the Company's website at [www.nevadasunrise.ca](http://www.nevadasunrise.ca).

### ***Golden Arrow***

The Golden Arrow property is located in the high desert in Nye County near Tonopah, Nevada and consists of 357 unpatented lode mineral claims subject to a mining lease and 17 patented lode mineral claims owned by Intor Resources Corporation ("Intor"), a wholly-owned subsidiary of Nevada Sunrise. In total, the Golden Arrow property covers an area of 5,684 acres.

The property has a number of favorable attributes for exploration: gentle topography, mild climate, available ground water and close proximity to highways and towns. Historical exploration has resulted in the discovery and subsequent drill-definition of two centers of gold-silver mineralization. A large exploration database shows exceptional exploration potential.

### **Golden Arrow – (cont'd)**

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

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

A considerable array of geophysical information has been collected on Golden Arrow over the years using various methods of measurement, including gravity, ground and aeromagnetic surveys, airborne EM, IP-resistivity, and radiometrics. During 2007, the Company reprocessed most of the original digital geophysical data to complete three-dimensional interpretive geophysical models for the Golden Arrow district. The known deposits occur in distinct geologic settings, with discernable geophysical signatures. The geophysical models define additional exploration targets for drill testing.

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

Limited metallurgical test work has been completed on material from Golden Arrow. An independent review of the available studies suggested typical projected gold recoveries of 65% for minus ½ inch or 55% for run-of-mine heap leaching. This is not definitive data but does indicate the cyanide amenability of the tested mineralized material. The typical depth of oxidation is 80-100 meters. The silver/gold ratio is highly variable, averaging about 12/1.

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

**Golden Arrow – (cont'd)**

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

**Golden Arrow Project Total Gold and Silver Resources**

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

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

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

Note: Silver to gold ratio is 55; variable cut-off grades are 0.01 oz/t gold for oxide and 0.015 oz/t gold for un-oxidized. The technical information related to and including the reported Mineral Resources for the Golden Arrow Project was reviewed and approved by Steven Ristorcelli, C.P.G., a qualified person as defined by NI 43-101.

Further information on the Golden Arrow property is available on the Company's website.

## **Golden Arrow – (cont'd)**

### 2012 Exploration by Nevada Sunrise

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

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

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

### 2013 Mining Lease Amendment

On December 30, 2013, Nevada Sunrise announced an amendment to a mining lease on the Golden Arrow property. Several claim blocks at Golden Arrow totalling 185 unpatented lode mining claims are held through a mining lease between Intor and Nevada Eagle Resources LLC, a subsidiary of Newmont Mining Corp. In 2010, the mining lease was extended from its previous expiry date of December 31, 2011, for an additional five years to December 31, 2016, with additional one-year extensions of the mining lease at the option of Nevada Sunrise. The additional one-year extensions under the previous mining lease terms resulted in a doubling of the advance royalty payment for each one-year extension, beginning January 1, 2017. The terms of the amendment to the mining lease were as follows:

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

## **Golden Arrow – (cont'd)**

### 2014 Activities

Nevada Sunrise is currently conducting an evaluation program of historical geophysical and drilling data for Golden Arrow. Drilling samples from selected mineralized areas are being reanalyzed with the goal of identifying target areas that may contain extensions of known mineralization. Concurrently, biological and cultural surveys are underway at Golden Arrow as key components of a permit application for a future drilling program. The Company is actively seeking partners to share in the further development of the Golden Arrow project.

### **Pinnacle**

In January 2011, the Company entered into a mining lease agreement on the Pinnacle property with a company in which a former director of the Company was managing director. 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 each year of its determination and executing a quitclaim deed conveying its interest in the property back to the related company. The agreement required annual advance minimum royalty payments of US\$60,000 per year. In addition, the Company was required to pay annual property maintenance fees and a minimum work commitment of US \$100,000 each year from 2013 through 2015 and US\$250,000 per year from 2016 through 2020. The Company gave notice to terminate the lease agreement on the Pinnacle property during the year ended September 30, 2013 resulting in a write-off of \$111,097 in acquisition costs incurred on the Pinnacle property.

***John R. Kerr, P.Eng., is the Company's designated qualified person for this MD&A within the meaning of NI 43-101 and has reviewed and approved the technical information contained in this MD&A for the Kinsley Mountain and Golden Arrow projects, with the exception of the mineral resource estimate described for the Golden Arrow project, which has been reviewed and approved by Steven Ristorcelli, C.P.G., a qualified person as defined by NI 43-101.***

## SHARE CONSOLIDATION

On December 16, 2013, the Company's common shares were consolidated on the basis of one new share for each ten old shares held. The disclosures in the Company's condensed interim consolidated financial statements and in this MD&A have been retroactively restated to reflect the share consolidation. These disclosures include all per share amounts and the number of outstanding common shares, options, warrants and compensation units and their respective exercise prices.

## SELECTED ANNUAL INFORMATION

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

	Sept. 30 2013 \$	Sept. 30 2012 \$	Sept. 30 2011 \$
Revenues	Nil	Nil	Nil
Exploration costs	(36,372)	(931,582)	(197,814)
Share-based compensation	(177,803)	(571,025)	(109,449)
Net and comprehensive loss	(1,124,063)	(2,699,474)	(1,256,965)
Basic and diluted loss per share	(0.13)	(0.32)	(0.24)
Total assets	2,859,817	3,465,795	2,565,175
Non-current financial liabilities	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

All the consolidated financial statements were prepared using International Financial Reporting Standards. All figures are in Canadian dollars.

## MANAGEMENT CHANGES

On August 13, 2013, William Henderson resigned his position as Chief Executive Officer and the Company named Warren Stanyer, as its Chief Executive Officer. Mr. Stanyer is a mineral exploration industry executive with substantial experience in public company administration and in the planning and execution of exploration programs.

On August 29, 2013, Mike Tomczak resigned his position as Chief Financial Officer and the Company named Brent Petterson as its Chief Financial Executive Officer. Mr. Petterson is a Certified General Accountant. He has extensive experience in financial reporting matters associated with publically listed resource companies.

On August 29, 2013, the Company named Christina Boddy as its Corporate Secretary. Ms. Boddy is a member of the Canadian Society of Corporate Secretaries and has acted as Corporate Secretary for a number of public companies in recent years.

Michael Sweatman was appointed to Chairman of the Board.

## DISCUSSION OF OPERATIONS

In conjunction with the August 2013 management changes, the Company's head office was moved to Vancouver and the Company implemented a number of cost reduction measures which included significant reductions in operating costs for management, accounting and office rent.

On January 16, 2014, Nevada Sunrise announced the commencement of the 2014 exploration program budgeted at US\$4.47 million and the Company notified Pilot Gold of its intention to finance its US\$943,936 share of the proposed program. In April 2014, the 2014 budget was increased to US\$6.04 million, of which the Company's share is US\$1,265,697. The Company has advanced US\$1,179,883 to June 30, 2014 to Kinsley Gold LLC. At June 30, 2014, US\$446,346 is included in exploration advances.

Nevada Sunrise is currently conducting an evaluation program of historical geophysical and drilling data for Golden Arrow. Drilling samples from selected mineralized areas are being reanalyzed with the goal of identifying target areas that may contain extensions of known mineralization. Concurrently, biological and cultural surveys are underway at Golden Arrow as key components of a permit application for a future drilling program.

### Three Months Ended June 30, 2014:

The Company recorded a comprehensive loss of \$1,110,119 for the three months ended June 30, 2014 compared to \$143,310 for the three months ended June 30, 2013. The primary reason for the increase was that the Company granted 650,000 stock options during the quarter resulting in a charge of \$546,000 representing the estimated fair value of the options. The secondary reason for the increase was due to the increased level of exploration activity in 2014 as discussed above.

Share-based compensation increased to \$546,000 for the three months ended June 30, 2014 compared to \$1,048 for the three months ended June 30, 2013 and exploration costs increased to \$312,408 for the three months ended June 30, 2014 compared to \$3,121 for the three months ended June 30, 2013.

The Company recorded a foreign exchange translation loss of \$99,879 for the three months ended June 30, 2014 compared to a foreign exchange translation gain of \$108,127 for the three months ended June 30, 2013.

### Nine Months Ended June 30, 2014:

The Company recorded a comprehensive loss of \$1,740,674 for the nine months ended June 30, 2014 compared to \$584,728 for the nine months ended June 30, 2013.

Share-based compensation increased to \$678,600 for the nine months ended June 30, 2014 compared to \$156,119 for the nine months ended June 30, 2013. The Company granted 1,470,000 stock options during the nine months ended June 30, 2014 compared to 170,000 stock options during the nine months ended June 30, 2013.

Exploration costs increased to \$833,605 for the nine months ended June 30, 2014 compared to \$35,570 for the nine months ended June 30, 2013.

## DISCUSSION OF OPERATIONS – (cont'd)

### Nine Months Ended June 30, 2014: - (cont'd)

Management fees and salaries decreased to \$72,400 from \$171,000, accounting and audit fees decreased to \$32,960 from \$107,890 and rent decreased to \$9,225 from \$34,593.

The Company recorded a foreign exchange translation gain of \$73,662 for the nine months ended June 30, 2014 compared to \$223,161 for the nine months ended June 30, 2013.

## SUMMARY OF QUARTERLY RESULTS

The figures for the quarters ended September 30, 2013 and 2012 are derived from the Company's audited annual consolidated financial statements. All other quarterly figures are derived from the Company's unaudited condensed interim consolidated financial statements. All the financial statements were prepared using International Financial Reporting Standards. All figures are in Canadian dollars.

	June 30 2014 \$	Mar. 31 2014 \$	Dec. 31 2013 \$	Sept. 30 2013 \$
Revenues	Nil	Nil	Nil	Nil
Comprehensive income (loss)	(1,110,119)	(650,037)	19,482	(539,335)
Basic and diluted income (loss) per share	(0.05)	(0.04)	0.00	(0.06)

	June 30 2013 \$	Mar. 31 2013 \$	Dec. 31 2012 \$	Sept. 30 2012 \$
Revenues	Nil	Nil	Nil	Nil
Comprehensive income (loss)	(143,310)	(138,246)	(303,172)	(219,973)
Basic and diluted income (loss) per share	(0.02)	(0.02)	(0.03)	(0.03)

There can be material fluctuations in quarterly results. Variances in quarterly results can be due to higher than normal exploration costs incurred in a quarter, large fluctuations in the US dollar in a quarter or share-based compensation incurred in a quarter as the Company's stock options generally vest on the grant date and therefore are fully expensed in the quarter in which they are granted.

In the quarter ended June 30, 2014, the Company recorded exploration costs of \$312,408 and recorded share-based compensation of \$546,000 related to options granted during the quarter.

In the quarter ended March 31, 2014, the Company recorded exploration costs of \$520,488 and recorded share-based compensation of \$129,600 related to options granted during the quarter.

## LIQUIDITY AND CAPITAL RESOURCES

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

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

Some of the Company's property interests are acquired by way of option or lease agreements with ongoing cash obligations. At present, the Company has commitments under the Golden Arrow lease agreements of US\$50,000 per year. In addition, the Company estimates the annual claim maintenance fees on the Golden Arrow property to be approximately US\$60,000.

On October 28, 2013, the Company signed a joint venture agreement with Pilot Gold for the Kinsley Mountain property. Pilot Gold is the operator. Pursuant to the joint venture agreement, the Company is responsible for approximately 21% of the exploration costs to be undertaken on the Kinsley Mountain property in order to maintain its interest. The Company's share of the 2014 exploration program on the Kinsley Mountain property will be US\$1,265,697. During the nine months ended June 30, 2014, the Company has advanced US\$1,179,883 to Kinsley Gold LLC. At June 30, 2014, US\$446,346 is included in exploration advances.

The Company estimates that the administration of its corporate affairs will cost in the order of \$420,000 for the year ended September 30, 2014.

During the nine months ended June 30, 2014, the Company's working capital increased by \$2,528,008 to \$2,610,069. The Company believes that it has sufficient working capital to sustain itself for approximately one year however the Company has not received an exploration budget from Pilot Gold for the 2015 drilling program at Kinsley Mountain. The Company intends to complete additional equity financings to meet its future exploration and administrative commitments.

#### Financing Activities During the Nine Months Ended June 30, 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 proceeds of \$540,000. Each unit contained one common share and one share purchase warrant entitling the holders to purchase an additional 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 proceeds of \$80,000. Each unit contained one common share and one share purchase warrant entitling the holders to purchase an additional common share at \$0.15 until January 13, 2016.

In connection with the private placements, the Company paid finder's fees of \$21,000 and issued 294,000 finder's warrants exercisable at \$0.10 per warrant.

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 and issued 144,200 finder's warrants exercisable at \$0.35 per warrant.

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 and issued 21,000 finder's warrants exercisable at \$0.90 per warrant.

#### *Options and Warrants Exercised:*

The Company issued 1,150,000 common shares pursuant to the exercise of 1,150,000 warrants at \$0.15 per share for proceeds of \$172,500.

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 and 50,000 common shares pursuant to the exercise of 50,000 options at \$0.19 per share for proceeds of \$9,500.

#### Financing Activities Subsequent to June 30, 2014:

The Company issued 50,000 common shares pursuant to the exercise of 50,000 options at \$0.19 per share for proceeds of \$9,500.

#### Financing Activities During the Nine Months Ended June 30, 2013:

The Company issued 161,800 common shares pursuant to the exercise of 161,800 warrants at \$1.00 per share for proceeds of \$161,800.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## TRANSACTIONS BETWEEN RELATED PARTIES

### *Directors and Officers*

At August 28, 2014, the directors of the Company are Warren Stanyer, Cory Kent, Michael Sweatman, and Suraj Ahuja. The officers of the Company are Warren Stanyer, President and Chief Executive Officer, Michael Sweatman, Chairman of the Board, Brent Petterson, Chief Financial Officer and Christina Boddy, Corporate Secretary.

Warren Stanyer receives a management salary of \$8,000 per month, Brent Petterson receives accounting fees of \$3,000 per month, Chistina Boddy receives management fees of \$1,800 per month, Michael Sweatman receives director's fees of \$1,500 per month and Suraj Ahuja receives director's fees of \$1,250 per month. Cory Kent is a partner at McMillan LLP, who is the Company's corporate lawyer.

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 key management personnel consist of its Chief Executive Officer, Chief Financial Officer and Corporate Secretary.

Remuneration attributed to key management personnel during the nine months ended June 30, 2014 and 2013 is summarized as follows:

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	2014	2013
Accounting fees	\$ 25,500	\$ 67,500
Management fees and salaries	72,400	171,000
Share-based compensation	287,000	35,666
	\$ 384,900	\$ 274,166

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## TRANSACTIONS BETWEEN RELATED PARTIES – (cont'd)

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 nine months ended June 30, 2014 and 2013:

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		2014		2013
Accounting fees	\$	25,500	\$	67,500
Advance minimum royalty payments		-		6,000
Director's fees		20,250		39,000
Legal		35,743		54,934
Legal – share issue costs		34,873		-
Management fees and salaries		72,400		171,000
	\$	188,766	\$	338,434

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At June 30, 2014, due to related parties includes \$25,321 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.

## PROPOSED TRANSACTIONS

The Company has no proposed transactions.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the nine months ended June 30, 2014. The Company's significant accounting policies are disclosed in Note 3 to its condensed interim consolidated financial statements for the nine months ended June 30, 2014.

## **CRITICAL ACCOUNTING ESTIMATES**

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

### Exploration and evaluation assets

The carrying values 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.

### Share-based payments

The inputs used in calculating the fair value for share-based compensation included in the comprehensive loss and share-based payments related to 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.

### 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.

### Restoration and Environmental Liabilities

The recognition and valuation of 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 year 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.

The Company had no asset retirement liabilities as at June 30, 2014 and September 30, 2013.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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 fair value hierarchy as at June 30, 2014 and September 30, 2013:

	June 30, 2014		
	Level 1	Level 2	Level 3
Cash	\$ 2,135,142	\$ -	\$ -
	\$ 2,135,142	\$ -	\$ -

  

	September 30, 2013		
	Level 1	Level 2	Level 3
Cash	\$ 58,074	\$ -	\$ -
	\$ 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 management believes it has no significant credit risk.

### *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 June 30, 2014, the Company had a cash balance of \$2,135,142 to settle current liabilities of \$43,648.

### *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 and the Company is not at a significant risk to fluctuating interest rates with respect to cash. 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. At June 30, 2014, the Company has a \$1,500,000 redeemable investment-grade short-term deposit certificate which bears interest at 1.25% per annum and is included in cash.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)**

### 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 June 30, 2014, a 10% fluctuation in the US dollar against the Canadian dollar would affect net comprehensive income or loss by approximately \$29,000.

## **RISKS AND UNCERTAINTIES**

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

### ***General Risk Associated with the Mining Industry***

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

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

### ***Dependence on Key Personnel***

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

### ***Option or Lease Agreements***

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

## OUTSTANDING SHARE DATA

**Number of issued and outstanding shares at August 28, 2014**

22,377,321

### **Options**

At August 28, 2014, there were 1,787,500 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding	Exercise Price	Expiry Date
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
50,000	\$0.50	August 29, 2018
10,000	\$0.50	October 28, 2018
710,000	\$0.19	January 30, 2019
650,000	\$1.05	May 20, 2019
<u>1,787,500</u>		

### **Warrants**

At August 28, 2014, there were 7,655,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
4,250,000	\$0.15	January 10, 2016
800,000	\$0.15	January 13, 2016
1,500,000	\$0.55	March 20, 2016
1,105,000	\$1.35	May 13, 2015
<u>7,655,000</u>		

### **Finder's Warrants**

At August 28, 2014, there were 459,200 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 outstanding	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
21,000	\$0.90	May 13, 2015
<u>459,200</u>		



## **Corporate Information**

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