NEVADA SUNRISE GOLD CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTHS ENDED

DECEMBER 31, 2012

(PRESENTED IN CANADIAN DOLLARS)

NEVADA SUNRISE GOLD CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)
(Unaudited)

	Note	December 31, 2012	September 30, 2012
ASSETS			
Current assets			
Cash		$ 839,788	$ 1,013,031
Other current assets		9,967	11,800
Due from related parties	8	-	3,156
		849,755	1,027,987
Non-current assets			
Other assets		3,476	3,429
Equipment	5	17,134	17,292
Exploration and evaluations assets	6	2,460,992	2,417,087
		2,481,602	2,437,808
Total assets		$ 3,331,357	$ 3,465,795
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 22,416	$ 33,549
Due to related parties	8	11,212	370
		33,628	33,919
Equity			
Capital stock	7	11,295,453	11,280,453
Contributed reserves	7	1,565,080	1,411,055
Accumulated other comprehensive loss		(48,572)	(82,725)
Deficit		(9,514,232)	(9,176,907)
		3,297,729	3,431,876
Total equity and liabilities		$ 3,331,357	$ 3,465,795

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These consolidated condensed consolidated financial statements are authorized for issue by the Board of Directors on February 27, 2013. They are signed on the Company's behalf by:

Approved by the Directors:

"William B. Henderson" Director *"Michael Sweatman"* Director

NEVADA SUNRISE GOLD CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)
(Unaudited)

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
GENERAL AND ADMINISTRATIVE EXPENSES		
Business insurance	$ 3,141	$ 4,221
Consulting	46,669	26,205
Depreciation	2,109	2,540
Exploration costs (Note 6)	23,862	158,665
Marketing	6,326	9,023
Professional fees	12,338	1,610
Rent and office expenses	31,705	38,546
Salaries and benefits	57,039	46,866
Stock-based compensation (Note 7(d))	154,025	7,070
Travel and entertainment	48	1,701
Loss before other items	(337,262)	(296,447)
OTHER ITEMS		
Finance costs	-	(55,227)
Foreign exchange gain (loss)	(63)	2,617
Interest expense	-	(10,319)
Loss for the period	(337,325)	(359,376)
Translation adjustment	34,153	(29,377)
Comprehensive loss for the period	$ (303,172)	$ (388,753)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding	95,113,871	63,261,843

The accompanying notes are an integral part of these condensed consolidated financial statements.

NEVADA SUNRISE GOLD CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Presented in Canadian Dollars)
(Unaudited)

	Capital Stock						
	Number of Shares	Amount	Contributed Reserves	Subscriptions Received in Advance	Cumulative Translation Adjustment	Deficit	Total
Balance as at September 30, 2011	63,261,843	$ 7,688,065	$ 840,030	$ -	$ 13,192	$ (6,573,350)	$ 1,967,937
Share issue costs	-	(35)	-	-	-	-	(35)
Subscription received in advance	-	-	-	50,995	-	-	50,995
Stock-based compensation	-	-	7,070	-	-	-	7,070
Cumulative translation adjustment	-	-	-	-	(29,377)	-	(29,377)
Net loss for period	-	-	-	-	-	(359,376)	(359,376)
Balance as at December 31, 2011	63,261,843	$ 7,688,030	$ 847,100	$ 50,995	$ (16,185)	$ (6,932,726)	$ 1,637,214
Balance as at September 30, 2012	95,055,175	$ 11,280,453	$ 1,411,055	$ -	$ (82,725)	$ (9,176,907)	$ 3,431,876
Exercise of warrants	150.000	15,000	-	-	-	-	15,000
Stock-based compensation	-	-	154,025	-	-	-	154,025
Cumulative translation adjustment	-	-	-	-	34,153	-	34,153
Net loss for the period	-	-	-	-	-	(337,325)	(337,325)
Balance as at December 31, 2012	95,205,175	$ 11,295,453	$ 1,565,080	$ -	$ (48,572)	$ (9,514,232)	$ 3,297,729

The accompanying notes are an integral part of these condensed consolidated financial statements.

NEVADA SUNRISE GOLD CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2012
(Presented in Canadian Dollars)
(Unaudited)

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (337,325)	$ (359,376)
Items not involving cash		
Finance cost - convertible note payable	-	55,217
Depreciation	2,109	2,540
Stock-based compensation	154,025	7,070
Net change in non-cash working capital		
Other current assets	1,833	3,216
Accounts payable accrued liabilities and due/to from related party	2,819	134,611
Net cash used in operating activities	(176,539)	(156,722)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Investment)/recovery in exploration and evaluation assets	(11,150)	27,423
Net cash provided by (used in) investing activities	(11,150)	27,423
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital related to warrant exercise	15,000	-
Subscriptions received in advance (Note 7)	-	50,995
Net cash provided by financing activities	15,000	50,995
Effect of exchange rate on cash	(554)	(848)
Net decrease in cash	(173,243)	(79,152)
Cash, beginning of period	1,013,031	137,339
Cash, end of period	$ 839,788	$ 58,187
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

During the periods ended December 31, 2012 and 2011 there were no significant non-cash transactions

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Sunrise Gold Corporation (the "Company") was incorporated under the laws of British Columbia on April 3, 2007 and its registered head office is 231 Cherry Avenue, Suite 201 Auburn, CA 95603. On May 15, 2007 the Company acquired all of the issued and outstanding shares of Intor Resources Corporation ("Intor") by way of reverse takeover. Intor was incorporated under the laws of the State of Nevada on September 7, 2004 as Nevada Sunrise Exploration Limited. The name of that company was changed to Intor Resources Corporation in February, 2005. The Company's principal business activities include the acquisition, exploration and development of exploration and evaluation assets.

The Company is in the process of exploring and developing its exploration and evaluation assets. The recoverability of the amounts are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

The Company's condensed consolidated financial statements are prepared using International Financial Reporting Standards (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. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its exploration and evaluation assets. Future operations of the Company are dependent on its ability to raise additional equity financing and the attainment of profitable operations.

As at December 31, 2012, the Company had working capital (excess of current assets over current liabilities) of $816,127 (September 30, 2012 – $994,068).

The Company has a relationship with Pilot Gold USA, Inc. a wholly-owned subsidiary of Pilot Gold, Inc., a Canadian company ("Pilot") at its Kinsley Mountain property (Note 6.) Pilot has acquired a 51% interest in the Kinsley Mountain Property by incurring an aggregate US$1.18 million in exploration expenditures, this milestone was achieved by Pilot in March 2012. Pilot had a second option to acquire an additional 14% interest in the property by incurring an additional US$3 million in exploration expenditures within 5 years of meeting the initial expenditure requirement. In February 2013, Pilot notified the Company (collectively, the "Parties") it increased its interest to 65% by having met the second option expenditure requirement described above (Note 11). As a result of Pilot having achieved this milestone, the Company will have an obligation to fund ("Cash Call") the cost of operating this property to the extent of its 35% interest. The formation of a joint venture is pending. Exploration plans and budget for 2013 have not yet been finalized. The Company intends to fund these quarterly Cash Calls with outside capital. There is no assurance the Company will be able to raise this capital.

The condensed 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 in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

a) International Financial Reporting Standards

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting_Interpretations Committee ("IFRIC").

These unaudited condensed consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for interim reporting purposes but are in compliance with the standards required of interim financial statements described in IAS 34. Any subsequent changes to IFRS that are reflected in the Company's consolidated financial statements for the year ending September 30, 2012 could result in restatement of these interim condensed consolidated financial statements. Results for the period ended December 31, 2012 are not necessarily indicative of future results.

Theses condensed consolidated interim financial statements should be read in conjunction with the Annual Financial Statements for the year ended September 30, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of preparation

These condensed 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.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Significant areas requiring the use of estimates as the basis for determining the stated amounts include valuation of exploration and evaluation assets, depreciation of equipment, inputs used in the calculation of stock-based compensation, and the fair value of convertible note payable. Actual results may differ from these estimates.

c) Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership	Principal Activity
Intor Resources Corp.	*USA*	100%	Exploration of mining assets

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

c) Basis of consolidation (cont'd…)

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

Inter-Company balances and transactions are eliminated in preparing the condensed consolidated financial statements.

d) 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.

e) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

e) Exploration and evaluation assets (cont'd…)

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

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.

f) Decommissioning, restoration and similar liabilities ("asset retirement obligations")

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties 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 asset retirement liabilities as at December 31, 2012, September 30, 2012 or October 1, 2011.

g) 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 Corp. is the Canadian dollar and the functional currency of Intor Resources Corp. is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

g) Foreign currency translation (cont'd…)

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:

1) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
2) 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
3) All resulting exchange differences are recognized as accumulated other comprehensive income (loss), a separate component of equity.

h) 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.

i) 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.

j) Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the period, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

j) Income taxes (cont'd…)

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.

k) 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.

l) 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 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. At September 30, 2012, or December 31, 2012 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

m) 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 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. At December 31, 2011, the Company has classified its convertible note payable as FVTPL.

n) Derivative financial instruments

The Company's convertible note payable was treated as a derivative financial liability. The estimated fair value, based on the Black-Scholes model, was adjusted on a quarterly basis with gains or losses recognized in the statement of net loss and comprehensive loss. The Black-Scholes model was based on significant assumptions such as volatility, dividend yield and expected term. During the year ended September 30, 2012 the interest-bearing convertible note was settled in full.

o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

o) Impairment (cont'd…)

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 periods. A reversal of an impairment loss is recognized immediately in profit or loss.

p) 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.

q) New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2012 and have not been applied in preparing these interim 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.

- IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- IFRS 11 'Joint Arrangements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- IFRS 13 'Fair Value Measurement' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

- IAS 27 'Separate Financial Statements'– as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

q) New standards, amendments and interpretations not yet effective (cont'd…)

- IAS 28 'Investments in Associates and Joint Ventures' – effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

- IFRS 7 'Financial Instruments: Disclosures' - effective for annual periods beginning on or after January 1, 2015, is amended to outline the disclosure required when initially applying IFRS 9 Financial Instruments.

- IFRS 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.

3. CAPITAL MANAGEMENT

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during three months ended December 31, 2012. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

The fair value of the Company's due from related parties, other current assets, accounts payable and accrued liabilities, convertible note payable, and due to related parties approximate their carrying value, because of the short-term nature of these instruments.

(Presented in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (cont'd...)

The following table illustrates the classification of the Company's financial instruments within fair value hierarchy as at:

	Level 1	Level 2	Level 3
December 31, 2012:			
Cash	$ 839,788	$ -	$ -
Debenture conversion component	-	-	-
	$ 839,788	$ -	$ -
September 30, 2012			
Cash	$ 1,013,031	$ -	$ -
Debenture conversion component	-	-	-
	$ 1,013,031	$ -	$ -

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 December 31, 2012, the Company had a cash balance of $839,788 (September 30, 2012 - $1,013,031) to settle current liabilities of $33,628 (September 30, 2011 - $33,919). The Company believes these monies will allow the Company to continue operations and exploration programs beyond its fiscal year 2013.

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 an interest-bearing convertible note payable. The interest charged on the notes is at fixed rates, and the Company is not at a significant risk to 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 December 31, 2012, the Company did not have any investments in investment-grade short-term deposit certificates or short-term debt issued by the federal government.

4. FINANCIAL INSTRUMENTS (cont'd...)

Market risk (cont'd…)

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable, accrued liabilities, and convertible note payable that are denominated in US Dollars or Canadian Dollars and will be converted to the other currency.

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 risk from changes in the US dollar. A 10% fluctuation in the US dollar against the Canadian dollar would affect net loss for the period by approximately $20,000.

(Presented in Canadian Dollars)

5. EQUIPMENT

Cost	Furniture & Equipment $	Computer & Software $	Tenant Improvements $	Field Equipment $	Total $
Balance at September 30, 2011	17,404	15,109	25,049	11,165	68,727
Additions	-	4,128	-	4,416	8,544
Cumulative translation adjustment	(836)	(726)	(1,203)	(536)	(3,301)
Balance at September 30, 2012	16,568	18,511	23,846	15,045	73,970
Cumulative translation adjustment	224	251	323	204	1,002
Balance at December 31, 2012	16,792	18,762	24,169	15,249	74,972
Depreciation					
Balance at September 30, 2011	9,406	13,589	16,757	5,335	45,087
Depreciation expense for year	2,283	1,488	4,889	1,961	10,621
Cumulative translation adjustment	202	293	360	115	970
Balance at September 30, 2012	11,891	15,370	22,006	7,411	56,678
Depreciation expense for period	488	268	811	542	2,109
Cumulative translation adjustment	(199)	(258)	(369)	(123)	(949)
Balance at December 31, 2012	12,180	15,380	22,448	7,830	57,838
Net Book Value					
As at September 30, 2012	4,677	3,141	1,840	7,634	17,292
As at December 31, 2012	4,612	3,382	1,721	7,419	17,134

(Presented in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

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 in which the Company has committed to earn an interest are located in the United States.

	Golden Arrow	Iron Point	Juniper	Kinsley Mountain	Pinnacle	Total
Balance as at October 1, 2011	**$ 2,349,258**	**$ -**	**$ -**	**$ -**	**$ 36,152**	**$ 2,385,410**
Acquisition costs	95,724	-	-	-	54,181	149,905
Foreign currency variance	(115,163)	-	-	-	(3,065)	(118,228)
Balance as at September 30, 2012	**$ 2,329,819**	**$ -**	**$ -**	**$ -**	**$ 87,268**	**$ 2,417,087**
Acquisition costs	-	-	-	-	11,150	11,150
Foreign currency variance	-	-	-	-	32,755	32,755
Balance as at December 31, 2012	**$ 2,329,819**	**$ -**	**$ -**	**$ -**	**$ 131,173**	**$ 2,460,992**

	Golden Arrow	Iron Point	Juniper	Kinsley Mountain	Pinnacle	Total
Cumulative Exploration Costs at October 1, 2011	**$ 1,750,463**	**$ 2,468**	**$ 10,601**	**$ 22,566**	**$ -**	**$ 1,786,098**
Three months ended December 31, 2011						
Geophysical survey	153,544	-	-	-	-	153,544
Field costs	2,034	-	-	-	-	2,034
Consulting	3,087	-	-	-	-	3,087
Exploration costs, three months ended December 31, 2011	**158,665**	**-**	**-**	**-**	**-**	**158,665**
Total Cumulative Exploration Costs at December 31, 2011	**$ 1,909,128**	**$ 2,468**	**$ 10,601**	**$ 22,566**	**$ -**	**$ 1,944,763**

(Presented in Canadian Dollars)

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

	Golden Arrow	Iron Point	Juniper	Kinsley Mountain	Pinnacle	Total
Cumulative Exploration Costs at September 30, 2012	**$ 2,653,422**	**$ 2,468**	**$ 10,601**	**$ 23,738**	**$ 27,451**	**$ 2,717,680**
Three months ended December 31, 2012						
Geophysical survey	**21,301**	**-**	**-**	**-**	**-**	**21,301**
Consulting	**1,969**	**-**	**-**	**-**	**592**	**2,561**
Exploration costs, three months ended December 31, 2012	**23,270**	**-**	**-**	**-**	**592**	**23,862**
Total Cumulative Exploration Costs at December 31, 2012	**$ 2,676,692**	**$ 2,468**	**$ 10,601**	**$ 23,738**	**$ 28,043**	**$ 2,741,542**

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 royalty payments of US$50,000, is set to expire in December 2016. However, the Company may extend the mining lease for additional one year terms by paying escalating annual lease payments. One of 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.

In March 2010, the Company entered into an agreement with Animas Resources Ltd ("Animas"), whereby the Company agreed to grant Animas an option to acquire a 51% interest in the Golden Arrow property.

Animas would have exercised this option by spending an aggregate $3,500,000 in specified exploration expenditures within three years, including certain expenditures which were to occur in 2010. In March 2011, Animas terminated the Mining Lease Option for the Golden Arrow property.

Iron Point and Juniper, Nevada

The Company had mining lease agreements with a company of which an officer and director of the Company is managing director and has a minority interest (Note 8) for two properties: Iron Point and Juniper. The Iron Point and Juniper agreements included a net smelter royalty on production of 2% and required advance minimal royalty of US$100,000 per property. Both the Iron Point and the Juniper agreements were terminated June 2011 and all related acquisition costs have been expensed.

(Presented in Canadian Dollars)

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

Kinsley Mountain, Nevada

The Company also has a mining lease agreement with a company of which an officer and director of the Company is managing director and has a minority interest (Note 8) for the Kinsley Mountain Property. The Kinsley Mountain agreement has a sliding scale net smelter royalty rate on production from 2% to 5% depending on the price of gold and requires an annual advance minimum royalty. In 2011, the Company and the related party amended certain provisions of the mining 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 Company has the right to terminate the mining lease with the 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 anticipates that the required minimum annual work obligation will be fulfilled by Pilot Gold's exploration expenditures, as discussed below.

In March 2010, the Company entered into an agreement with Animas Resources Ltd ("Animas"), whereby the Company agreed to grant Animas an option to acquire a 51% interest in the Kinsley Mountain property.

Effective September 2011, Animas conveyed its interest in the agreement to Pilot Gold USA Inc., a wholly-owned subsidiary of Pilot Gold, Inc., a Canadian company ("Pilot"). Pursuant to the agreement, Pilot has 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. This milestone was achieved by Pilot in March 2012. Pilot had a right to acquire an additional 14% interest in the property by incurring an additional US$3 million in exploration expenditures within 5 years of meeting the initial expenditure requirement. In February 2013, Pilot notified the Company it had increased its interest to 65% by having met the second option expenditure requirement described above (Note 11.) As a result of Pilot having achieved this milestone, the Company will have an obligation to fund ("Cash Call") the cost of operating this property to the extent of its 35% interest. The formation of a joint venture is pending. Exploration plans and budget for 2013 have not yet been finalized. The Company intends to fund these quarterly Cash Calls with outside capital. There is no assurance the Company will be able to raise this capital.

Future advance minimum royalty payments, which pursuant to agreement are to be paid by Pilot Gold, are as follows:

June 1:	US$ Advance Minimum Royalty
2013-2016	$50,000
2017	75,000
2018	100,000
2019	150,000
2020 (and each thereafter)	200,000

(Presented in Canadian Dollars)

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

Pinnacle, Nevada

Effective January 2011, the Company entered a mining lease agreement with a company of which an officer and director of the Company is managing director and has a minority interest (Note 8) covering the Pinnacle property. The agreement includes a sliding scale net smelter royalty on production from 2.5% to 5% depending on the price of gold. The Company can 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. The agreement requires future advance minimum royalty payments as follows:

	US$ Advance Minimum Royalty
2013 (quarterly instalments)	60,000
2014-2020 (due July 1 of each year)	60,000

In addition, the Company must pay annual property maintenance fees and a minimum work commitment of US$100,000 by the end of 2012; US$100,000 each year from 2013 through 2015; and US$250,000 per year from 2016 through 2020. As of February 21, 2013, the Company has not yet paid an affiliated company of which an officer and director of the Company is managing director and has a minority interest (Note 8) the advance minimum royalty payments due for October 1, 2012 or January 1, 2013. The affiliated company (Note 8) has agreed to the delay in payment and both parties are in negotiations to amend the mining lease agreement.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

a) Authorized: Unlimited common shares, without par value

b) Issued: As of December 31, 2012 95,205,175 common shares were issued and outstanding.

In November 2012, a total of 150,000 warrants were exercised at a price of $0.10 per common share yielding the Company $15,000.

In April 2012, the Company converted a US$290,000 convertible note payable into 4,142,858 Units. Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitled the holder to acquire an additional common share at an exercise price of $0.12 exercisable until March 25, 2013.

Also in April 2012, a total of 256,667 warrants were exercised at a price of $0.10 per common share yielding the Company $25,667.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

In March 2012, the Company completed three separate private placements as follows:

i) The Company completed a non-brokered private placement of 2,857,140 units (the "Units") at a price of $0.07 per Unit. Each Unit consisted of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase an additional common share (a "Warrant Share") at an exercise price of $0.10 per Warrant Share until March 16, 2014.

ii) The Company completed a private placement, of units (the "Units") at a price of $0.12 per Unit (the "Offering"). A total of 16,700,000 Units were issued, for total proceeds of $2,004,000. Each Unit consisted of one common share of the Company (a "Share") and one half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase an additional common share (a "Warrant Share") at an exercise price of $0.20 per Warrant Share for a period of 24 months from the date of issuance, subject to earlier expiry at any time after four months and one day from the date of issuance, at the option of the Company, if the daily volume weighted average price of the common shares of the Company is greater than $0.32 per share over a period of 20 consecutive trading days, in which case the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. In consideration for the services provided by the Agent, the Company issued to the Agent 1,586,667 Units, at a value of $0.12 per Unit,, which consisted of one share and one half of one share purchase warrant. Each full share purchase warrant is exercisable at $0.20 per share. The units were valued at $190,400 using the share price at the concurrent offering of $0.12 and were re-classed as a share issue cost.

The Company also completed a non-brokered private placement. The Company issued 6,250,000 Units (the "Units") at a price of $0.12 per Unit. Each Unit consisted of one common share of the Company (a "Share") and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant will entitle the holder to purchase an additional common share (a "Warrant Share") at an exercise price of $0.20 per Warrant Share for a period expiring March 23, 2014. If the Company's common shares trade at a daily volume weighted average price of greater than $0.32 per share for a period of 20 consecutive trading days at any time after four months and one day after the closing, the Company may accelerate the expiry date of the Warrants by giving notice to the holders notice thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

In addition, in March 2012, a total of 256,667 warrants were exercised at a price of $0.10 per common share yielding the Company $25,667.

(Presented in Canadian Dollars)

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

c) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance as at October 1, 2011	9,397,200	$ 0.20
Warrants issued	17,196,901	0.17
Warrants expired	-	-
Warrants exercised	(256,667)	0.15
Balance as at September 30, 2012	26,337,434	0.14
Warrants issued	-	-
Warrants expired	(2,000,000)	0.30
Warrants exercised	(150,000)	0.10
Balance as at December 30, 2012	24,187,434	$ 0.17

At December 31, 2012, warrants were outstanding enabling holders to acquire Common Shares as follows:

Number of Warrants		Exercise Price	Expiry Date
12,268,332		$ 0.20	December 23, 2014
2,071,429		0.12	March 25, 2013
5,979,333	(1)	0.10	January 25, 2013 (subsequently expired)
1,011,200	(2)	0.10	March 2, 2013
2,857,140		0.10	March 16, 2014

(1) Includes 981,000 finders' warrants.

(2) Includes 10,200 finders' warrants.

d) Options

The Company has a stock option plan whereby it may grant options to employees, directors, consultants and certain other service providers. The maximum aggregate number of shares that may be reserved for issuance under the plan is 10% of the Outstanding Shares, less any common shares reserved for issuance under share options granted outside of this plan. Options are exercisable for a maximum of 10 years. Option shares are subject to vesting requirements as determined by the Company's Board of Directors.

The Company recognizes stock-based compensation expense for all stock options based on the fair value based method of accounting. The fair value attributable to options vesting during the period was $154,025 for the three months ended December 31, 2012 (2011 - $7,070). 1,700,000 options were granted during the three months ended December 31, 2012 (no options were granted for the three months ended December 31, 2011).

(Presented in Canadian Dollars)

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

d) Options (cont'd...)

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

	Number of Options	Weighted Average Exercise Price
Balance as at October 1, 2011	2,875,000	$ 0.25
Options issued	3,625,000	0.25
Options expired	(800,000)	0.23
Options exercised	-	-
Balance as at September 30, 2012	5,700,000	0.25
Options issued	1,700,000	0.15
Options expired	-	-
Options exercised	-	-
Balance as at December 31, 2012	7,400,000	$ 0.25

The following weighted average assumptions were used for the Black-Scholes valuation of the stock granted during the three months ended December 31, 2012, there were no stock options granted during the three months ended December 31, 2011:

	December 31, 2012
Risk-free interest rate	1.22%
Expected life of options	5 years
Annualized volatility	123.4%
Dividends	-
Forfeitures	0%

(Presented in Canadian Dollars)

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

d) Options (cont'd...)

At December 31, 2012, stock options were outstanding enabling holders to acquire shares as follows:

Number of Shares		Exercise Price	Number of options Currently Exercisable	Expiry Date
1,850,000	$	0.25	1,850,000	September 18, 2013
100,000		0.25	100,000	November 5, 2013
25,000		0.25	25,000	March 5, 2014
700,000		0.25	616,667	July 29, 2015
1,825,000		0.22	1,825,000	March 13,2017
1,200.000		0.22	1,200,000	May 10, 2017
1,700,000		0.15	1,700,000	December 4, 2017

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 key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

		Three Months Ended December 31, 2012		Three Months Ended December 31, 2011
Management fees & Salaries and Benefits	$	120,299	$	72,684
Share based payments		153,047		6,363
	$	273,346	$	79,047

(Presented in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd…)

An officer and director of the Company is managing partner and has a minority interest of an affiliated company. This affiliated company is referred to in the table below:

	For the Three Month Period Ended December 31, 2012	For the Three Month Period Ended December 31, 2011
Exploration costs to an affiliated company	-	3,568
General and administrative costs to an affiliated company	375	-

Due from related parties	December 31, 2012	September 30, 2012
Affiliated company for general and administrative cost reimbursement	$ -	$ 3,156
Total due from Related Parties	$ -	$ 3,156

Due to related parties	December 31, 2012	September 30, 2012
Accounting firm in which an officer is a member for accounting services	$ -	$ 370
An affiliated company for minimum royalty payment of exploration and evaluation property	11,212	-
Total due to related parties	$ 11,212	$ 370

The transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties. The amounts due to related parties are non-interest bearing, with no fixed terms of repayment. Repayment is expected within the next fiscal year and therefore has been classified as a current liability in these financial statements.

(Presented in Canadian Dollars)

9. SEGMENTED INFORMATION

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

10. COMMITMENT

The Company has entered into an operating lease agreement for its office premises in Auburn, California which runs through December 2014. The annual commitments under this lease are as follows:

Fiscal Year	Annual Commitment
2013	$ 32,434
2014	44,029
2015	11,073

11. SUBSEQUENT EVENTS

A total of 1,468,000 warrants have been exercised for one common share at $0.10 per share by their holders in January, 2013 for total proceeds of $146,800 to the Company.

In February 2013, Pilot Gold USA, Inc. a wholly-owned subsidiary of Pilot Gold Inc., a Canadian company ("Pilot"), notified the Company it had increased its interest to 65% by having met the second option expenditure requirement (Note 6.) As a result of Pilot having achieved this milestone, the Company will have an obligation to fund ("Cash Call") the cost of operating this property to the extent of its 35% interest. The formation of a joint venture is pending. Exploration plans and budget for 2013 have not yet been finalized. The Company intends to fund these quarterly Cash Calls with outside capital. There is no assurance the Company will be able to raise this capital.