



SECOND QUARTER REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(Expressed in Canadian dollars)



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2015



Management Discussion and Analysis For the six months ended June 30, 2015

The following management discussion and analysis (“MD&A”) of the results of operations and financial condition of Sunridge Gold Corp. (the “Company” or “Sunridge”) should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the six months ended June 30, 2015 (the “Financial Report”) and with the audited consolidated financial statements for the four months ended December 31, 2014, all of which are available at the SEDAR website at www.sedar.com.

The Company changed its fiscal year-end from August 31 to December 31 to better align itself with its 60% owned Eritrean subsidiary, among other reasons. Accordingly, the Financial Report has been presented as at and for the six months ended June 30, 2015 with comparative balances as at December 31, 2014 and comparative amounts for the six months ended May 31, 2014.

The financial information in this MD&A is derived from the Company’s consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

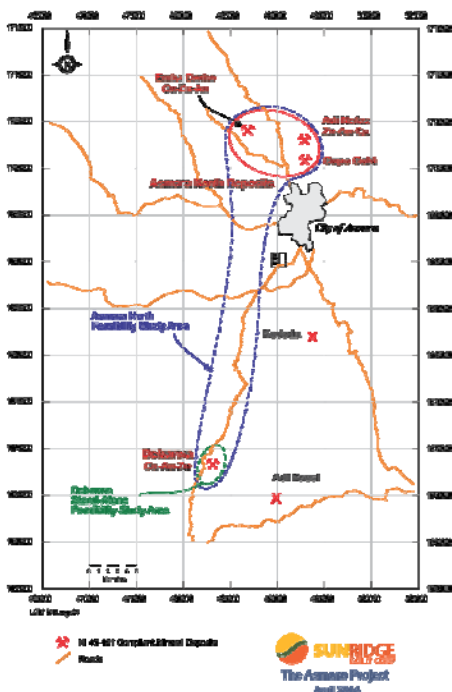
This MD&A contains information as at August 27, 2015, except as indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of the Business

Sunridge is incorporated under the laws of the Province of British Columbia and is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol SGC and on the OTCQX market place under the symbol SGCNF.

The Company is engaged in the exploration and development of its Asmara Project in Eritrea through its 60% interest in Asmara Mining Share Company (“AMSC”), Eritrea. Highlights of the work conducted in the six months ended June 30, 2015, and up to the date of this MD&A can be summarized as follows:



Overall Performance

- AMSC directors and shareholders approved 2015 program and budget of US\$30 million including budget for Phase 1 open-pit mining of direct shipping ore at Debarwa
- Presently in discussions on the detailed terms of the Mining Agreement with the Ministry of Energy and Mines for issuance of AMSC Mining License
- Company granted two year option to purchase Perry 2% NPI
- Received positive results from independent review of Asmara project Feasibility Study and Social and Environmental Impact Assessment by Ministry of Energy and Mines
- Exploration on Kodadu and Adi Rassi increased known strike length of both deposits



Management Discussion and Analysis
For the six months ended June 30, 2015

The Asmara Project

Asmara Share Mining Company (“AMSC”)

The Asmara Project is held by AMSC of which the Company owns 60% of the shares and the Eritrean National Mining Corporation (“ENAMCO”) owns 40% of the shares, with 30% being a participating interest purchased from the Company and 10% being a carried interest that ENAMCO was entitled to by law. AMSC operates under a shareholder’s agreement executed June 27, 2014 (the “SHA”). AMSC has a board of directors of five, comprising three from Sunridge and two from ENAMCO.

The Company sold the 30% interest in AMSC to ENAMCO for US\$18,330,000 (the “Purchase Price”) of which US\$5,000,000 has been received. The balance of US\$13,330,000 will be paid in installments over 12 months beginning upon signing a finance agreement that secures a significant portion of the financing required to develop the Asmara Project (the “Financing Agreement”) and will be recorded in the books of the Company when the Financing Agreement is signed.

In addition, ENAMCO agreed to fund the first US\$6,108,306 of cash calls to AMSC to fund expenditures on the Asmara Project which is expected to be funded in 2015. Subsequently, all future project development or exploration costs will be shared two-thirds Sunridge and one-third ENAMCO.

Asmara Project

AMSC holds three exploration licenses in Eritrea that comprise the Asmara Project: the Medrizien exploration license on which the Emba Derho and Kodadu deposits are located; the Debarwa exploration license on which the Debarwa and Adi Rassi deposits are located; and the Adi Nefas exploration license on which the Adi Nefas and Gupo deposits are located. The Debarwa and Adi Rassi deposits are on the southern part of the licenses. The Emba Derho, Adi Nefas and Gupo deposits are grouped towards the northern part of the exploration licenses with the Kodadu deposit located approximately midway between the northern and southern deposits. On June 19, 2015, the renewal dates for all three exploration licenses were extended to May 20, 2016.

The Asmara project is subject to historical underlying agreements: Albert J. Perry holds a 2% net profits interest (“NPI”) on all three licenses; and WMC (Overseas) Pty Limited will be entitled to the first US\$860,000 of revenue derived from the sale of any minerals mined from the Debarwa license. These historical underlying agreements are against the Company’s 60% interest in AMSC. The Perry NPI applies to the entire Asmara Project but would be paid only by Sunridge from its share of cash flow from AMSC.

On July 30, 2015, the Company executed an agreement with the Estate of Albert J. Perry granting Sunridge a two-year option to purchase Perry’s 2% NPI. The Company paid the Perry Estate a non-refundable payment of US\$75,000 and was granted a one-year option to purchase the NPI interest for US\$1.5 million. If the Company does not exercise this option within the first year then the Company has the option to pay the Perry Estate US\$125,000 for the option to purchase the NPI interest for a second year for US\$2.5 million. This agreement with the Perry Estate quantifies the NPI and will help provide some certainty to future economics of the Asmara Project and will therefore assist in advancing all of AMSC’s future plans for the project.

The Asmara Project feasibility study (the “Study”) dated effective May 16, 2013 (amended March 2014), demonstrated that mining the four advanced deposits that make up the Asmara Project (Emba Derho, Adi Nefas, Gupo Gold and Debarwa) and processing of the ore at a central location near the large Emba Derho deposit is



Management Discussion and Analysis
For the six months ended June 30, 2015

economically robust with a pre-tax net present value ("NPV") of \$692 million (using a 10% discount rate) and with a pre-tax internal rate of return ("IRR") of 34%. The post-tax NPV is \$428 million with an IRR of 27%. The Study outlines a three-phase start-up mining operation which would begin with Phase 1A in 2015 of high-grade copper DSO production from the Debarwa deposit, followed by Phase 1B heap-leaching of near surface gold, Phase 2 supergene copper production, then zinc and copper at a full production rate of 4 million tonnes per year. At full production, the Asmara Mine will produce an average annual production of 65 million lbs (29,000 t) copper, 184 million lbs. (83,000 t) zinc, 42,000 oz gold, and 1 million oz silver over the first 8 years. The life of mine is 17 years.

AMSC 2015 plans

AMSC expects to achieve several key milestones over 2015 to meet its goal of commencing mining operations in early 2016.

As part of the final steps in the permitting process, AMSC is presently in discussions on the detailed terms of the mining agreement with the Ministry of Energy and Mines ("MEM") which would lead to the issuance of the mining license. This agreement covers every aspect of the planned mining operations on the Asmara Project over the 20 year term of the mining license including the timing of the start of development and commercial production, design capacity and production amounts, reporting requirements, royalty calculations, the use of expatriate employees, contractors and sub-contractors, financing and fiscal arrangements, safety issues, community relations, as well as reclamation and closure plans. Once these terms are agreed to then AMSC and the MEM will execute the mining agreement and MEM will be able to issue a mining license to AMSC. Sunridge is confident that the mining license will be issued in the near future which will allow AMSC to raise the capital to fund the development of Phase 1A, which is the mining and shipping of the high-grade copper direct shipping ore ("DSO") on the Debarwa deposit.

A program and budget for 2015 has been approved by the directors and shareholders of AMSC for approximately US\$30 million. Included in this budget is approximately US\$18 million to purchase trucks, loaders, drills and crushers for the capital cost of the planned Phase 1A mining operation. Phase 1A is the open-pit mining of near surface high-grade copper and gold ore from the Debarwa deposit that will be crushed and shipped directly to a smelter. AMSC expects that the equipment for Phase 1A will be financed by the equipment vendors. Sunridge, together with its financial advisor, is in discussions with a number of other potential financing sources to fund the remaining capital costs for AMSC.

Sunridge management, with advisors Endeavour Financial, have been reviewing all options for project financing for AMSC with the goal of finalizing the optimum financing structure after the receipt of the mining license. These options include debt from commercial and development banks, equipment financing and financing from commodity off-take and royalty and streaming groups. At this stage several financing options are under consideration.

It is expected that Phase 1A mining operations will start at Debarwa in early 2016 first with training and then stripping of waste overlying the DSO material and open-pit mining of the gold oxide. The stockpiled gold oxide ore will be processed as part of Phase 1B gold heap-leach operations.

AMSC expects to begin extraction and shipping of the DSO in the second half of 2016. In Phase 1A, the high-grade copper DSO will be mined from the Debarwa deposit by open-pit methods, crushed and loaded into containers and transported 120 km to the port facility at Massawa for shipping and sale to a smelter.



Management Discussion and Analysis
For the six months ended June 30, 2015

This DSO zone hosts 116,000 tonnes of high-grade material with an average grade of 15.6% copper, 2.96 g/t gold, and 76.8 g/t silver, containing 39 million lbs copper, 11 thousand ounces of gold, and 286 thousand ounces of silver. The C1 cash cost for Phase 1A is expected to be \$0.70 to \$0.80 per pound of copper. The key assumptions used in the calculation include \$1.10 per litre of diesel fuel, as well as by product revenues calculated at \$1,100 per ounce gold and \$15 per ounce silver.

It is expected that proceeds from Phase 1A will cover all capital costs for the expansion into Phase 1B the gold heap-leach operation of near surface gold ore on the Asmara Project. The capex of Phase 1B is estimated to be approximately \$50 million and commencement of construction is estimated to be late 2016.

AMSC continue the ongoing program of engagement of local communities that will be affected by the development of the Asmara Project. There are two project information centres on the project open for all residents to visit, review and comment on the proposed project designs.

AMSC has an ongoing program of environmental monitoring to meet both international and national environmental regulations. The monitoring will continue to the initialization of production and beyond. In addition, AMSC environmental department has initiated reclamation test-work at Debarwa site in preparation of future closure activities.

Exploration

While most of the Company's focus and efforts have been on permitting the four projects in the Study and moving them towards production, limited low-cost exploration work has also continued on the Asmara Project. The recent exploration work was focused on the two "pipeline" deposits on the Asmara Project; the Kodadu volcanogenic-massive-sulphide ("VMS") deposit and the Adi Rassi copper-gold deposit. Both deposits have Inferred mineral resources and are open for expansion. Details of the current resources can be seen in the Company's news release dated April 15, 2015. The recent work has focused on defining new areas of mineralization to direct future expansion drilling.

A total of 14 east – west oriented channels were cut with a portable diamond saw totaling 318.48 meters across the Kodadu VMS gold oxide zone structures to define future drill targets. These structures have now been defined over a total strike length of 1,350 meters. A total of 10 lines of AMT (Audio-Magneto-Telluric) geophysical survey were also completed across the Kodadu VMS system, to define the massive sulfide conductors occurring beneath the oxide gold zone gossans which represent potential drill targets. The AMT data is in final processing.

In order to increase the size of the defined mineralization at Adi Rassi the recent focus has been on the South Hill area where copper mineralization can be seen at surface but is not included in the current resource estimate. A total of four east-west oriented trenches totaling 367 meters were dug to bed-rock with a back-hoe and rock samples taken from the trenches by hand to define future drill targets. This trenching program has now defined the copper and precious metal mineralization at Adi Rassi South Hill over a strike length of over 150 meters with an average width of 70 meters.

Qualified Person

Michael Hopley is the person responsible for preparation and verification of the technical information contained in this MD&A and is a qualified person and President and Chief Executive Officer of Sunridge.



Management Discussion and Analysis
For the six months ended June 30, 2015

Results of Operations

The loss for the six months ended June 30, 2015 (the “Current Period”) was \$1,396,221 and the loss for the six months ended May 31, 2014 (the “Comparative Period”) was \$2,715,587.

- Consulting fees and salaries, which include fees and salaries paid to the Company’s executives and directors as well as support staff, were \$661,854 (\$785,277 in the Comparative Period). The decrease in the Current Period relates primarily to a reduction in director fees and certain staff salaries.
- Exploration and evaluation expenditures of \$81,400 (\$742,229 in the Comparative Period) relate to the exploration programs at the Kodadu and Adi Rassi projects. The decrease relates to the fact that in the Current Period expenditures on the Asmara project, other than exploration costs, have been capitalized to mineral properties as the Company is now considered to be in the development stage. Capitalized mineral property costs in the Current Period were \$655,424.
- Financial advisory fees of \$75,836 (\$90,102 in the Comparative Period) were paid to Endeavour Financial International Corporation (“Endeavour”). Endeavour is paid a monthly work fee in US funds, milestone fees in certain circumstances and a financing success fee on the closing of any debt financing provided to AMSC.
- Investor relations and travel expenses combined to \$242,107 (\$177,372 in the Comparative Period) for fees paid to two investor relations consulting firms, executive travel to Eritrea as well as travel to present the Company to interested investors and potential financiers.
- Professional fees were \$289,418 (\$47,657 in the Comparative Period) and were related to legal fees for the period. Legal fees were higher than would be expected for the Current Period due to the appeal process of the contingent liability reported in the Financial Report.
- The foreign exchange gain of \$120,900 is not realized and is a result of the revaluation of the Company’s monetary assets, which include amounts due from non-controlling interest.

The remaining costs increased or decreased relatively insignificantly.

The loss for the three months ended June 30, 2015 (the “Current 3 month Period”) was \$697,516 and the loss for the three months ended May 31, 2014 (the “Comparative 3 month Period”) was \$1,523,413.

- Consulting fees and salaries, which include fees and salaries paid to the Company’s executives and directors as well as support staff, were \$307,459 (\$376,310 in the Comparative 3 month Period). The decrease in the Current 3 month Period relates primarily to a reduction in director fees and certain staff salaries.
- Exploration and evaluation expenditures of \$11,286 (\$247,334 in the Comparative 3 month Period) relate to the exploration programs at the Kodadu and Adi Rassi projects. The decrease relates to the fact that in the Current 3 month Period expenditures on the Asmara project, other than exploration costs, have been capitalized to mineral properties as the Company is now considered to be in the development stage. Capitalized mineral property costs in the Current 3 month Period were \$241,067.



Management Discussion and Analysis

For the six months ended June 30, 2015

- Investor relations and travel expenses combined to \$83,515 (\$71,591 in the Comparative 3 month Period) for fees paid to two investor relations consulting firms, executive travel to Eritrea as well as travel to present the Company to interested investors and potential financiers.
- Professional fees were \$167,688 (\$16,477 in the Comparative 3 month Period) and were related to legal fees for the period. Legal fees were higher than would be expected for the Current 3 month Period due to the appeal process of the contingent liability reported in the Financial Report.

The remaining costs increased or decreased relatively insignificantly.

Summary of Quarterly Results

The financial results for the three months ended June 30 and March 31, 2015, the four months ended December 31, 2014 and each of the five most recently completed three month periods are summarized below:

	3 months ended June 30, 2015	3 months ended March 31, 2015	4 months ended December 31 2014	3 months ended August 31, 2014	3 months ended May 31, 2014	3 months ended February 28, 2014	3 months ended November 30, 2013	3 months ended August 31, 2013
Total revenues	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Loss	(697,516)	(698,705)	(611,839)	(1,045,299)	(1,523,413)	(1,192,174)	(1,967,894)	(2,510,364)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)

Liquidity

The Company began the period with cash of \$3,950,488. In the Current Period, the Company expended \$1,766,945 on operating activities, expended \$761,704 on investing activities, and benefitted from \$617,637 from non-controlling interest with a positive effect of foreign exchange on cash of \$44,452, to end on June 30, 2015 with \$2,082,633 in cash.

As at June 30, 2015, the Company had working capital of \$6,133,002, of which \$4,374,736 is due from non-controlling interest to be used exclusively to fund cash calls to AMSC. Given that management intends to commence development of the Asmara Project during fiscal 2015, management estimates these funds will not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. The Company will need to seek additional sources of financing to bring the Asmara mine into production. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.



Management Discussion and Analysis

For the six months ended June 30, 2015

Capital Resources

At the date of this MD&A, the Company has 16,475,000 stock options at exercise prices ranging from \$0.20 to \$1.37; 80,192,558 share purchase warrants at exercise prices ranging from \$0.35 to \$1.40; and 1,823,218 broker warrants at exercise prices ranging from \$0.19 to \$0.22.

All stock options, share purchase warrants, and broker warrants will, if exercised, provide additional cash.

Contractual Obligations

The Company's expenditure commitments on its mineral properties are primarily at the Company's discretion.

The Company has an obligation under its corporate office lease in Vancouver, B.C. until March 2018 as described in the notes to the consolidated financial statements for the four months ended December 31, 2014.

Contingency

On July 31, 2013, the Company was issued a provisional order of garnishment by a Prothonotary of the Federal Court of Canada ordering that any debts owing or accruing from the Company to the State of Eritrea be paid into Court to answer the foreign arbitration judgment awarded to Delizia Limited ("Delizia") against the state of Eritrea in the amount of US\$4,371,618.

The arbitration award was based on a contract made over 10 years ago between Delizia and the State of Eritrea for the sale of equipment for which full payment was not received. The debt does not arise from any conduct or activities of the Company. The garnishment order was issued pursuant to international treaties for the enforcement of arbitral awards.

In response to a motion by Delizia to have the provisional order of garnishment converted into a final order of garnishment ("FOG"), on January 9, 2015, the Company was delivered a FOG ordering it to attach all debts owing and accruing from the Company to the State of Eritrea and to pay to the Court, for the benefit of Delizia, US\$4,371,618.

In response to the FOG an irrevocable standby letter of credit (the "LC") in the amount of \$2,200,000 was posted on the Company's behalf in trust for Delizia. The Company arranged a credit facility with an arm's length party to post the LC on Sunridge's behalf for a one year period for a fee equal to 9% per annum calculated on the face amount of the LC for the period it is outstanding. As security for the LC, Sunridge pledged the shares of its 100% ownership of the Barbados subsidiary that indirectly owns the Company's 60% interest in the Asmara Project. During the six months ended June 30, 2015, the Company recorded interest expense of \$7,595.

The Company has negotiated a stay of the FOG based on the LC and has appealed the decision to issue the FOG to the trial division of the Federal Court of Canada. The appeal is expected to be heard later this year. Based on its assessment of the appeal, the Company has not recorded any amounts in the consolidated financial statements. The Company does not consider it probable that an outflow of resources will be used to settle the garnishment order.



Management Discussion and Analysis
For the six months ended June 30, 2015

Transactions with Related Parties

- a) The Company's related parties consist of a company owned in whole by an executive officer and director of the Company and a company owned in whole by the partner of an executive officer as follows:

Name	Nature of transactions
Golden Oak Corporate Services Ltd.	Consulting for corporate compliance, and financial reporting
NV Marketing Ltd.	Investor relations consulting

The Company incurred the following fees in the normal course of operations in connection with companies owned by key management and partners of key management.

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Consulting fees	\$ 30,000	\$ 30,000	\$ 60,000	\$ 60,000
Investor relations	7,500	7,500	15,000	15,000
	\$ 37,500	\$ 37,500	\$ 75,000	\$ 75,000

- b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel, which include the amounts disclosed above, during the periods ended June 30, 2015 and May 31, 2014 were as follows:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Salaries	\$ 215,000	\$ 187,500	\$ 430,000	\$ 388,750
Consulting fees	30,000	30,000	60,000	60,000
Director fees included in consulting fees and salaries	15,000	40,875	30,000	81,750
Investor relations	7,500	7,500	15,000	15,000
	\$ 267,500	\$ 265,875	\$ 535,000	\$ 545,500

As at June 30, 2015, an amount of \$13,529 (December 31, 2014 - \$25,632) is due to certain officers and directors of the Company and is included in trade and other payables.



Management Discussion and Analysis
For the six months ended June 30, 2015

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of mineral properties

Management has determined that acquisition, development and related costs incurred which have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Estimated useful lives of equipment

The estimated useful lives of equipment which are included in the statements of financial position will impact the amount and timing of the related depreciation included in profit or loss.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.



Management Discussion and Analysis
For the six months ended June 30, 2015

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Capitalization of development costs

The application of the Company's accounting policy for development costs requires judgment in determining the timing at which to begin capitalizing development costs and whether future economic benefits, which are based on assumptions about future events and circumstances, may be realized. See Note 8 for further discussion.

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company is the Canadian dollar. The functional currency of the Company's Barbados subsidiaries as well as the functional currency of the Company's 60% owned Eritrean subsidiary is the US dollar.

New Standards, Interpretations and Amendments Not Yet Effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2015, and have not been applied in preparing these consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2018:

- New standard IFRS 9, Financial Instruments

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

- Amendments to IFRS 7, Financial Instruments: Disclosure

Amendment to require additional disclosures on transition from IAS 39 to IFRS 9.

The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the consolidated financial statements.



Management Discussion and Analysis

For the six months ended June 30, 2015

Financial Instruments and Risk Management

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2015	December 31, 2014
Cash	FVTPL	\$2,082,633	\$3,950,488
Receivables	Loans and receivables	18,996	19,553
Due from non-controlling interest	Loans and receivables	4,374,736	4,265,641
Trade and other payables	Other liabilities	(407,305)	(779,322)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, amounts due from non-controlling interest, and trade and other payables. The fair values of receivables, amounts due from non-controlling interest, and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

Risk Management

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

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and amounts due from non-controlling interest. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company's receivables are primarily related to tax credits receivable from the government of



Management Discussion and Analysis
For the six months ended June 30, 2015

Canada, and as such, credit risk is not considered significant. The Company is exposed to credit risk on amounts due from non-controlling interest. Due from non-controlling interest is collectable from ENAMCO, an Eritrean state owned entity, and as a result, the credit risk on amounts due from non-controlling interest is not considered significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days.

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. These fluctuations may be significant.

- (a) **Interest Rate Risk:** The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.
- (b) **Foreign Exchange Risk:** As at June 30, 2015, the majority of the Company's cash was held in Canada in Canadian and US dollars. The Company's significant operations are carried out in Eritrea. As a result, a portion of the Company's working capital is denominated in Nakfa and United States dollars and is therefore subject to fluctuation in exchange rates. The government of Eritrea has fixed the exchange rate of Nakfa as 15 Nakfa for one United States dollar.

At June 30, 2015, the Company is exposed to foreign currency risk through the following financial assets and liabilities held in the following United States dollar equivalents:

Cash	\$	232,334
Due from non-controlling interest		3,503,841
Trade and other payables		(204,143)
	\$	3,532,032

Based on the above net exposures at June 30, 2015, a 1% appreciation (depreciation) of the United States dollar against the Canadian dollar, with all other variables held constant, would result in approximately a \$35,000 increase (decrease) in profit or loss for the period. The Company has not hedged its exposure to currency fluctuations.

- (c) **Commodity Price Risk:** While the value of the Company's mineral properties are related to the price of gold, copper, zinc and other metals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold, copper, zinc and other metals has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold, copper, zinc and other metals.



Management Discussion and Analysis
For the six months ended June 30, 2015

Political Uncertainty

In conducting operations in Eritrea, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Eritrea and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of expensed exploration and capitalized acquisition and mineral property costs are described in note 8 of the Financial Report.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value.	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Stock Options	Broker Warrants
Outstanding as at June 30, 2015	209,944,982	80,192,558	16,475,000	1,823,218
Outstanding as at the date of this MD&A	209,944,982	80,192,558	16,475,000	1,823,218

Forward Looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Factors" elsewhere in this MD&A and the documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated



Management Discussion and Analysis
For the six months ended June 30, 2015

by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Risks

Information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's MD&A for the four months ended December 31, 2014.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.sunridgegold.com.



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2015

Notice to Reader

These condensed interim financial statements of Sunridge Gold Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related interim Management Discussion and Analysis.



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian dollars)

	<i>Note</i>	June 30, 2015	December 31, 2014
ASSETS			
Current			
Cash	4	\$ 2,082,633	\$ 3,950,488
Receivables	5	18,996	19,553
Advances and prepaid expenses	6	63,942	57,722
Due from non-controlling interest	7	4,374,736	4,265,641
		6,540,307	8,293,404
Mineral properties	8	24,112,102	21,780,339
Equipment	9	79,726	105,211
		\$ 30,732,135	\$ 30,178,954
LIABILITIES			
Current			
Trade and other payables	10	\$ 407,305	\$ 779,322
EQUITY			
Share capital	11	115,332,326	115,332,326
Share-based reserve	11	13,324,334	13,324,334
Foreign exchange reserve		2,380,502	953,247
Deficit		(110,370,324)	(109,003,845)
Equity attributable to Sunridge shareholders		20,666,838	20,606,062
Non-controlling interest	7	9,657,992	8,793,570
		30,324,830	29,399,632
		\$ 30,732,135	\$ 30,178,954
Nature of operations and going concern	1		
Contingency	15		
Subsequent event	8		

These condensed consolidated interim financial statements are approved for issue by the Audit Committee of the Board of Directors on August 27, 2015.

“Michael J. Hopley”

Michael J. Hopley, Director

“Eric Edwards”

Eric Edwards, Director

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



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS

(Unaudited – Expressed in Canadian dollars)

	<i>Note</i>	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Expenses					
Consulting fees and salaries		\$ 307,459	\$ 376,310	\$ 661,854	\$ 785,277
Depreciation		7,261	17,367	18,771	33,509
Exploration and evaluation expenditures	8	11,286	247,334	81,400	742,229
Financial advisory fees		38,275	41,260	75,836	90,102
Foreign exchange		22,712	(10,537)	(120,900)	(6,961)
Insurance		4,964	5,326	9,928	10,652
Investor relations		62,969	37,743	137,618	90,574
Office and miscellaneous		13,656	42,535	32,719	43,740
Professional fees		167,688	16,477	289,418	47,657
Rent, telephone and utilities		23,380	30,628	54,042	63,443
Share-based compensation		-	670,750	-	670,750
Transfer agent, regulatory and shareholder communication		14,871	16,948	55,712	65,049
Travel		20,546	33,848	104,489	86,798
		(695,067)	(1,525,989)	(1,400,887)	(2,722,819)
Interest expense	15	(7,595)	-	(7,595)	-
Interest income		5,146	2,576	12,261	7,232
Loss for the period		\$ (697,516)	\$ (1,523,413)	\$ (1,396,221)	\$ (2,715,587)
Loss attributable to:					
Sunridge shareholders		\$ (692,988)	\$ (1,523,413)	\$ (1,366,479)	\$ (2,715,587)
Non-controlling interest		(4,528)	-	(29,742)	-
		\$ (697,516)	\$ (1,523,413)	\$ (1,396,221)	\$ (2,715,587)
Basic and diluted loss per share attributable to Sunridge shareholders					
		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding					
		209,944,982	209,822,699	209,944,982	209,808,993

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



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited – Expressed in Canadian dollars)

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Loss for the period	\$ (697,516)	\$ (1,523,413)	\$ (1,396,221)	\$ (2,715,587)
Items that may be reclassified subsequently to profit and loss				
Foreign exchange translation adjustment	(378,761)	-	1,914,706	-
Comprehensive income (loss) for the period	\$ (1,076,277)	\$ (1,523,413)	\$ 518,485	\$ (2,715,587)
Comprehensive income (loss) attributable to:				
Sunridge shareholders	\$ (920,245)	\$ (1,523,413)	\$ (217,655)	\$ (2,715,587)
Non-controlling interest	(156,032)	-	736,140	-
	\$ (1,076,277)	\$ (1,523,413)	\$ 518,485	\$ (2,715,587)

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



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited – Expressed in Canadian dollars)

	Six months ended June 30, 2015	Six months ended May 31, 2014
Cash flows to operating activities		
Loss for the period	\$ (1,396,221)	\$ (2,715,587)
Items not involving cash:		
Depreciation	18,771	33,509
Share-based compensation	-	670,750
Unrealized foreign exchange	(94,714)	-
Change in non-cash working capital items:		
Receivables	701	45,943
Advances and prepaid expenses	(5,381)	22,667
Trade and other payables	(290,101)	(34,170)
	(1,766,945)	(1,976,888)
Cash flows to investing activities		
Development costs	(761,704)	-
Purchase of equipment	(1,295)	-
	(762,999)	-
Cash flows from financing activities		
Proceeds from issuance of shares	-	33,000
Contributions from non-controlling interest	617,637	-
	617,637	33,000
Effect of foreign exchange on cash	44,452	-
Decrease in cash for the period	(1,867,855)	(1,943,888)
Cash, beginning of period	3,950,488	2,687,318
Cash, end of period	\$ 2,082,633	\$ 743,430
Non-cash investing and financing activities		
Depreciation included in mineral properties	\$ 13,274	\$ -
Mineral properties included in trade and other payables	74,299	-
Allocation of share-based reserve on exercise of options	-	22,699
Supplementary information		
Interest paid	24,411	-
Income taxes paid	-	-

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



CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based reserve	Foreign exchange reserve	Deficit	Equity attributable to Sunridge shareholders	Non-controlling interest	Total equity
Balance, December 31, 2014	209,944,982	\$ 115,332,326	\$ 13,324,334	\$ 953,247	\$ (109,003,845)	\$ 20,606,062	\$ 8,793,570	\$ 29,399,632
Due from non-controlling interest	-	-	-	-	-	-	156,913	156,913
Contributions from non-controlling interest	-	-	-	-	-	-	249,800	249,800
Foreign exchange translation adjustment	-	-	-	1,427,255	-	1,427,255	487,451	1,914,706
Loss for the period	-	-	-	-	(1,366,479)	(1,366,479)	(29,742)	(1,396,221)
Balance, June 30, 2015	209,944,982	\$ 115,332,326	\$ 13,324,334	\$ 2,380,502	\$ (110,370,324)	\$ 20,666,838	\$ 9,657,992	\$ 30,324,830

	Number of shares	Share capital	Share-based reserve	Foreign exchange reserve	Deficit	Equity attributable to Sunridge shareholders	Non-controlling interest	Total equity
Balance, November 30, 2013	209,794,982	\$ 115,276,627	\$ 12,384,381	\$ -	\$ (106,551,779)	\$ 21,109,229	\$ -	\$ 21,109,229
Exercise of options	150,000	55,699	(22,699)	-	-	33,000	-	33,000
Share-based compensation	-	-	670,750	-	-	670,750	-	670,750
Loss for the period	-	-	-	-	(2,715,587)	(2,715,587)	-	(2,715,587)
Balance, May 31, 2014	209,944,982	\$ 115,332,326	\$ 13,032,432	\$ -	\$ (109,267,366)	\$ 19,097,392	\$ -	\$ 19,097,392

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

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

1. NATURE OF OPERATIONS AND GOING CONCERN

Sunridge Gold Corp. (the “Company” or “Sunridge”) is incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”). The Company’s registered and corporate office is Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6.

The Company changed its fiscal year-end from August 31 to December 31 to better align itself with its 60% owned Eritrean subsidiary, among other reasons. Accordingly, these condensed consolidated interim financial statements have been presented as at and for the six months ended June 30, 2015 with comparative balances as at December 31, 2014 and comparative amounts for the six months ended May 31, 2014.

Sunridge is engaged in the exploration and development of the Asmara Project in Eritrea through its 60% interest in Asmara Mining Share Company (“AMSC”).

The Company is considered to be in the development stage on the Asmara Project. The continuing operating and the underlying value and recoverability of amounts shown for mineral properties are dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These condensed consolidated interim financial statements have been 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 in the foreseeable future. As at June 30, 2015, the Company had working capital of \$6,133,002, of which \$4,374,736 is due from non-controlling interest to be used exclusively to fund cash calls to AMSC. Given that management intends to commence development of the Asmara Project towards the end of 2015, management estimates these funds will not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. The Company will need to seek additional sources of financing to bring the Asmara mine into production. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements do not include all the disclosures required for annual financial statements, and therefore should be read in conjunction with the Company’s audited financial statements as at and for the four months ended December 31, 2014.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent Company's functional currency. The functional currency of the Company's Barbados subsidiaries as well as the functional currency of the Company's 60% owned Eritrean subsidiary is the US dollar.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of mineral properties

Management has determined that acquisition, development and related costs incurred which have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Estimated useful lives of equipment

The estimated useful lives of equipment which are included in the statements of financial position will impact the amount and timing of the related depreciation included in profit or loss.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)**(i) Critical accounting estimates (continued)**Recovery of deferred tax assets (continued)

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Capitalization of development costs

The application of the Company's accounting policy for development costs requires judgment in determining the timing at which to begin capitalizing development costs and whether future economic benefits, which are based on assumptions about future events and circumstances, may be realized. See Note 8 for further discussion.

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company is the Canadian dollar. The functional currency of the Company's Barbados subsidiaries as well as the functional currency of the Company's 60% owned Eritrean subsidiary is the US dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the four months ended December 31, 2014.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2015, and have not been applied in preparing these consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2018:

- New standard IFRS 9, Financial Instruments

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments not yet effective (continued)

- Amendments to IFRS 7, Financial Instruments: Disclosure

Amendment to require additional disclosures on transition from IAS 39 to IFRS 9.

The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the consolidated financial statements.

4. CASH

	June 30, 2015	December 31, 2014
Canadian dollar denominated deposits held in Canada	\$ 1,796,196	\$ 3,039,400
US dollar denominated deposits held in Canada	123,852	252,673
US dollar denominated deposits held in Jersey	42,501	-
US dollar denominated deposits held in Eritrea	96,056	615,529
Nakfa denominated deposits held in Eritrea	24,028	42,886
Total	\$ 2,082,633	\$ 3,950,488

5. RECEIVABLES

	June 30, 2015	December 31, 2014
Amounts due from the Government of Canada pursuant to input tax credits	\$ 18,040	\$ 15,946
Other amounts receivable	956	3,607
Total	\$ 18,996	\$ 19,553

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

6. ADVANCES AND PREPAID EXPENSES

	June 30, 2015	December 31, 2014
Advances held by suppliers in Canada	\$ -	\$ 9,069
Advances held by suppliers in Eritrea	11,397	2,521
Prepaid expenses in Canada	26,941	39,137
Prepaid expenses in Eritrea	8,788	6,995
Prepaid interest in Canada	16,816	-
Total	\$ 63,942	\$ 57,722

7. DUE FROM NON-CONTROLLING INTEREST

The Company owns 60% of the shares of Asmara Mining Share Company (“AMSC”) and Eritrean National Mining Corporation (“ENAMCO”) owns 40% of the shares of AMSC, with 30% being a participating interest purchased from the Company and 10% being a carried interest that ENAMCO was entitled to by law. AMSC operates under a shareholder’s agreement executed June 27, 2014 (the “SHA”). AMSC has a board of directors of five, comprising three from Sunridge and two from ENAMCO.

The Company sold the 30% interest in AMSC to ENAMCO for US\$18,330,000 (the “Purchase Price”) of which US\$5,000,000 has been received. The balance of the Purchase Price of US\$13,330,000 will be paid in installments over 12 months beginning upon signing a finance agreement that secures a significant portion of the financing required to develop the Asmara Project (the “Financing Agreement”) and will be recorded in the books of the Company when the Financing Agreement is signed.

In addition, ENAMCO agreed to fund the first US\$6,108,306 of cash calls to AMSC to fund expenditures on the Asmara Project (the “Contribution Payable”). The Company’s 60% benefit of this Contribution Payable is reflected below as due from non-controlling interest. Once ENAMCO has fully funded the Contribution Payable, which is expected to be in 2015, all future project development or exploration costs will be shared two-thirds Sunridge and one-third ENAMCO.

The following table presents the due from non-controlling interest as at June 30, 2015:

December 31, 2014	\$ 4,265,641
Benefit of contributions due from non-controlling interest	156,913
Contributions from non-controlling interest	(374,700)
Foreign exchange	326,882
June 30, 2015	\$ 4,374,736

The following table presents the equity attributable to non-controlling interest as at June 30, 2015:

December 31, 2014	\$ 8,793,570
Benefit of contributions due from non-controlling interest	156,913
Contributions from non-controlling interest	249,800
Share of other comprehensive income for the period	487,451
Share of loss for the period	(29,742)
June 30, 2015	\$ 9,657,992

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

7. DUE FROM NON-CONTROLLING INTEREST (continued)

The following table presents the non-controlling interest as at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Non-controlling interest percentage	40%	40%
ASSETS		
Current	\$ 182,770	\$ 675,260
Non-current	24,173,908	21,848,862
	\$ 24,356,678	\$ 22,524,122
LIABILITIES		
Current	\$ 211,698	\$ 540,198
Non-current	-	-
	\$ 211,698	\$ 540,198
Net assets	\$ 24,144,980	\$ 21,983,924
Non-controlling interest	\$ 9,657,992	\$ 8,793,570

The following table presents the loss and comprehensive loss attributable to non-controlling interest for the three and six months ended June 30, 2015 and May 31, 2014:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Loss for the period	\$ (697,516)	\$ (1,523,413)	\$ (1,396,221)	\$ (2,715,587)
Foreign exchange translation adjustment	(378,761)	-	1,914,706	-
Comprehensive income (loss) for the period	\$ (1,076,277)	\$ (1,523,413)	\$ 518,485	\$ (2,715,587)
Loss attributable to non-controlling interest	\$ (4,528)	\$ -	\$ (29,742)	\$ -
Foreign exchange translation adjustment	(151,504)	-	765,882	-
Comprehensive income (loss) attributable to non-controlling interest	\$ (156,032)	\$ -	\$ 736,140	\$ -

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

8. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

Components of the Company's mineral properties, being the Asmara Project, are summarized below:

	Acquisition costs	Development costs	Depreciation capitalized	Translation adjustment	Total
December 31, 2014	\$ 18,672,672	\$ 1,393,405	\$ 30,693	\$ 1,683,569	\$ 21,780,339
Additions	-	642,296	13,128	-	655,424
Translation adjustment	-	-	-	1,676,339	1,676,339
June 30, 2015	\$ 18,672,672	\$ 2,035,701	\$ 43,821	\$ 3,359,908	\$ 24,112,102

Asmara Project, Eritrea

AMSC holds three exploration licenses in Eritrea that comprise the Asmara Project: the Medrizien exploration license on which the Emba Derho and Kodadu deposits are located; the Debarwa exploration license on which the Debarwa and Adi Rassi deposits are located; and the Adi Nefas exploration license on which the Adi Nefas and Gupo deposits are located. The Asmara project is subject to historical underlying agreements: Albert J. Perry holds a 2% net profits interest ("NPI") on all three licenses; and WMC (Overseas) Pty Limited will be entitled to the first US\$860,000 of revenue derived from the sale of any minerals mined from the Debarwa license. These historical underlying agreements are against the Company's 60% interest in AMSC.

On July 30, 2015, the Company executed an agreement with the Estate of Albert J. Perry granting Sunridge a two-year option to purchase Perry's 2% NPI. The Company paid the Perry Estate a non-refundable payment of US\$75,000 and was granted a one-year option to purchase the NPI interest for US\$1.5 million. If the Company does not exercise this option within the first year then the Company has the option to pay the Perry Estate US\$125,000 for the option to purchase the NPI interest for a second year for US\$2.5 million.

On June 19, 2015, the renewal dates for all three exploration licenses that make up the Asmara Project were extended to May 20, 2016.

The following table presents the Company's exploration and evaluation expenditures for the six months ended June 30, 2015 and May 31, 2014:

	Six months ended June 30, 2015	Six months ended May 31, 2014
Assays	\$ 12,080	\$ 41,454
Communications	196	53,493
Community development	-	2,518
Contractors and consultants	4,049	291,419
Environment	2,821	72,632
Equipment rental costs	7,115	2,908
Field support and consumables	9,585	41,748
Salaries	32,958	119,210
Travel and accommodation	-	92,689
Vehicle running costs	12,596	24,158
Exploration and evaluation expenditures	\$ 81,400	\$ 742,229

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

9. EQUIPMENT

	Canada		Eritrea				Total
	Office and computer equipment	Leasehold improvements	Office equipment	Camp buildings and Communication equipment	Vehicles		
Cost							
December 31, 2014	\$ 145,219	\$ 39,243	\$ 130,742	\$ 337,310	\$ 349,720	\$ 338,104	\$ 1,340,338
Assets acquired	-	-	390	905	-	-	1,295
Translation adjustment	-	-	10,023	25,858	26,800	25,910	88,591
June 30, 2015	\$ 145,219	\$ 39,243	\$ 141,155	\$ 364,073	\$ 376,520	\$ 364,014	\$ 1,430,224
Accumulated depreciation							
December 31, 2014	\$ 112,778	\$ 34,993	\$ 114,557	\$ 294,724	\$ 349,720	\$ 328,355	\$ 1,235,127
Depreciation	14,521	4,250	2,836	7,881	-	2,411	31,899
Translation adjustment	-	-	8,810	22,672	26,800	25,190	83,472
June 30, 2015	\$ 127,299	\$ 39,243	\$ 126,203	\$ 325,277	\$ 376,520	\$ 355,956	\$ 1,350,498
Carrying amounts							
December 31, 2014	\$ 32,441	\$ 4,250	\$ 16,185	\$ 42,586	\$ -	\$ 9,749	\$ 105,211
June 30, 2015	\$ 17,920	\$ -	\$ 14,952	\$ 38,796	\$ -	\$ 8,058	\$ 79,726

10. TRADE AND OTHER PAYABLES

	June 30, 2015	December 31, 2014
Trade and other payables in Canada	\$ 167,340	\$ 213,492
Trade and other payables in Eritrea	211,698	540,198
Trade and other payables in Barbados	14,738	-
Due to related parties	13,529	25,632
Total	\$ 407,305	\$ 779,322

11. SHARE CAPITAL**a) Authorized share capital**

Unlimited common shares without par value.

b) Issued share capital

The Company had 209,944,982 common shares issued and outstanding as at June 30, 2015 and December 31, 2014.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

11. SHARE CAPITAL (continued)**c) Share purchase warrants**

The continuity for share purchase warrants for the six months ended June 30, 2015 is as follows:

Expiry date	Exercise price	Balance, December 31, 2014	Issued	Exercised	Expired	Balance, June 30, 2015
November 17, 2015	\$1.40	19,418,000	-	-	-	19,418,000
October 18, 2017	\$0.35	26,142,304	-	-	-	26,142,304
October 18, 2017	\$0.35	34,632,254	-	-	-	34,632,254
		80,192,558	-	-	-	80,192,558
Weighted average exercise price		\$0.60	\$0.00	\$0.00	\$0.00	\$0.60

d) Broker warrants

The continuity for broker warrants for the six months ended June 30, 2015 is as follows:

Expiry date	Exercise price	Balance, December 31, 2014	Issued	Exercised	Expired	Balance, June 30, 2015
October 18, 2017	\$0.22	28,429	-	-	-	28,429 *
October 18, 2017	\$0.19	1,794,789	-	-	-	1,794,789 **
		1,823,218	-	-	-	1,823,218
Weighted average exercise price		\$0.19	\$0.00	\$0.00	\$0.00	\$0.19

* Exercisable into one unit with each unit consisting of one common share and one-half of one common share purchase warrant

** Exercisable into one unit with each unit consisting of one common share and one common share purchase warrant

e) Stock options

The continuity for stock options for the six months ended June 30, 2015 is as follows:

Expiry date	Exercise price	Balance, December 31, 2014	Issued	Exercised	Expired	Balance, June 30, 2015
September 7, 2015	\$0.50	275,000	-	-	-	275,000
November 5, 2015	\$1.37	2,350,000	-	-	-	2,350,000
September 29, 2016	\$0.55	3,300,000	-	-	-	3,300,000
January 9, 2018	\$0.22	5,250,000	-	-	-	5,250,000
March 12, 2019	\$0.26	5,000,000	-	-	-	5,000,000
August 15, 2017	\$0.20	300,000	-	-	-	300,000
		16,475,000	-	-	-	16,475,000
Weighted average exercise price		\$0.47	\$0.00	\$0.00	\$0.00	\$0.47

As at June 30, 2015, all stock options were exercisable.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

12. RELATED PARTY TRANSACTIONS

- a) The Company's related parties consist of a company owned in whole by an executive officer and director of the Company and a company owned in whole by the partner of an executive officer as follows:

Name	Nature of transactions
Golden Oak Corporate Services Ltd.	Consulting for corporate compliance, and financial reporting
NV Marketing Ltd.	Investor relations consulting

The Company incurred the following fees in the normal course of operations in connection with companies owned by key management and partners of key management.

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Consulting fees	\$ 30,000	\$ 30,000	\$ 60,000	\$ 60,000
Investor relations	7,500	7,500	15,000	15,000
	\$ 37,500	\$ 37,500	\$ 75,000	\$ 75,000

- b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel, which include the amounts disclosed above, during the periods ended June 30, 2015 and May 31, 2014 were as follows:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Salaries	\$ 215,000	\$ 187,500	\$ 430,000	\$ 388,750
Consulting fees	30,000	30,000	60,000	60,000
Director fees included in consulting fees and salaries	15,000	40,875	30,000	81,750
Investor relations	7,500	7,500	15,000	15,000
	\$ 267,500	\$ 265,875	\$ 535,000	\$ 545,500

Amounts due to related parties are disclosed in Note 10.

13. SEGMENTED INFORMATION

The Company operates only in the mineral exploration and development sector within one geographic segment being the Asmara Project in Eritrea. Notes 8 and 9 provides disclosure of geographic location of capital assets.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2015	December 31, 2014
Cash	FVTPL	\$2,082,633	\$3,950,488
Receivables	Loans and receivables	18,996	19,553
Due from non-controlling interest	Loans and receivables	4,374,736	4,265,641
Trade and other payables	Other liabilities	(407,305)	(779,322)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, amounts due from non-controlling interest, and trade and other payables. The fair values of receivables, amounts due from non-controlling interest, and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

Risk Management

The Company's risk management objectives and policies are consistent with those disclosed by the Company as at and for the four months ended December 31, 2014.

SUNRIDGE GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian dollars, except where otherwise noted)

For the six months ended June 30, 2015

15. CONTINGENCY

On July 31, 2013, the Company was issued a provisional order of garnishment by a Prothonotary of the Federal Court of Canada ordering that any debts owing or accruing from the Company to the State of Eritrea be paid into Court to answer the foreign arbitration judgment awarded to Delizia Limited (“Delizia”) against the state of Eritrea in the amount of US\$4,371,618.

The arbitration award was based on a contract made over 10 years ago between Delizia and the State of Eritrea for the sale of equipment for which full payment was not received. The debt does not arise from any conduct or activities of the Company. The garnishment order was issued pursuant to international treaties for the enforcement of arbitral awards.

In response to a motion by Delizia to have the provisional order of garnishment converted into a final order of garnishment (“FOG”), on January 9, 2015, the Company was delivered a FOG ordering it to attach all debts owing and accruing from the Company to the State of Eritrea and to pay to the Court, for the benefit of Delizia, US\$4,371,618.

In response to the FOG an irrevocable standby letter of credit (the “LC”) in the amount of \$2,200,000 was posted on the Company’s behalf in trust for Delizia. The Company arranged a credit facility with an arm’s length party to post the LC on Sunridge’s behalf for a one year period for a fee equal to 9% per annum calculated on the face amount of the LC for the period it is outstanding. As security for the LC, Sunridge pledged the shares of its 100% ownership of the Barbados subsidiary that indirectly owns the Company’s 60% interest in the Asmara Project. During the six months ended June 30, 2015, the Company recorded interest expense of \$7,595.

The Company has negotiated a stay of the FOG based on the LC and has appealed the decision to issue the FOG to the trial division of the Federal Court of Canada. The appeal is expected to be heard later this year. Based on its assessment of the appeal, the Company has not recorded any amounts in the consolidated financial statements. The Company does not consider it probable that an outflow of resources will be used to settle the garnishment order.