



THIRD QUARTER REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(Expressed in Canadian dollars)



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015



Management Discussion and Analysis

For the nine months ended September 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 nine months ended September 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, this Financial Report has been presented as at and for the nine months ended September 30, 2015 with comparative balances as at December 31, 2014 and comparative amounts for the nine months ended August 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 November 24, 2015, except as indicated.

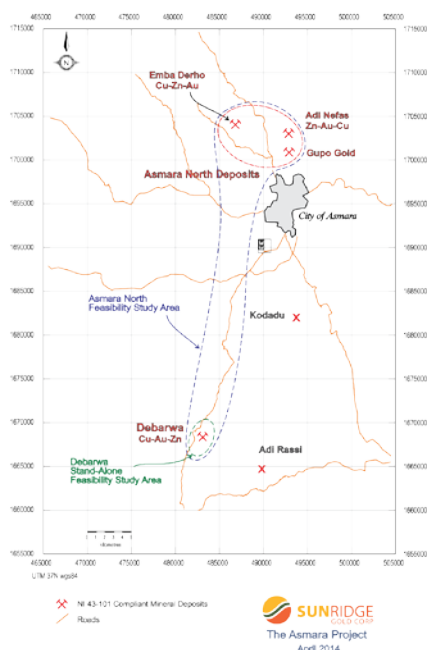
Additional information relating to the Company is available on SEDAR at www.sedar.com.

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, Africa through its 60% interest in Asmara Mining Share Company (“AMSC”).

Overall Performance



Highlights of activity in the nine months ended September 30, 2015, and up to the date of this MD&A can be summarized as follows:

- On November 6, 2015, Sunridge executed a share purchase agreement to sell its 60% interest in AMSC to Sichuan Road & Bridge Mining Investment Development Corp. Ltd for an upfront purchase price of US\$65,000,000 cash
- On September 11, 2015, AMSC signed a mining agreement with the Eritrean Ministry of Energy and Mines and as a result AMSC was awarded three mining licenses on October 16, 2015.
- 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% net profits interest.



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Sale of AMSC

On November 6, 2015, Sunridge executed a share purchase agreement ("SPA") to sell its 60% interest in AMSC to Sichuan Road & Bridge Mining Investment Development Corp. Ltd. ("SRBM") for an upfront purchase price of US\$65,000,000 cash. In addition, SRBM has assumed the obligation to pay Sunridge the remaining principal of the deferred payment of US\$13,330,000 owed to the Company by Eritrean National Mining Corporation ("ENAMCO"). The obligations of the parties to complete the transaction are subject to conditions described below being satisfied or waived prior to closing. Once the final cash payment from SRBM is received by Sunridge and all transaction costs and other obligations of the Company have been settled, the Company currently anticipates a cash distribution by way of return of capital to shareholders.

Transaction Details

On closing, SRBM will pay Sunridge US\$71,000,000 in cash comprising the US\$65,000,000 purchase price and the first US\$6,000,000 of the deferred payment owed by ENAMCO. ENAMCO will pay Sunridge the interest accrued on the US\$6,000,000 from June 27, 2014 to the date of closing. SRBM will also deliver a bank guarantee to Sunridge for the remaining US\$7,330,000 deferred payment to be paid to Sunridge within 6 months of closing. ENAMCO will be responsible for interest owing to Sunridge on the US\$7,330,000 payment.

SRBM has conducted extensive and detailed financial, technical and legal due diligence on the Asmara Project and AMSC over the past several months. This work is now completed and the SPA is not subject to any further due diligence work.

The SPA has been approved by the boards of directors of both Sunridge and SRBM. Prior to its execution, the parties received approval in principle from the Sichuan Provincial Regulatory body, Sichuan State-Owned Asset Supervision and Administration Commission of the State Council ("SASAC"). Sunridge's partner ENAMCO has also given its consent to the transaction.

Transaction Fee

A financial advisor of Sunridge will be paid a transaction fee of US\$975,000 on closing, being 1.5% of the US\$65,000,000 purchase price.

The Conditions to Closing include:

- Sunridge shareholders approving the transaction at a meeting to be called and held in January 2016; and
- Receipt of the remaining final regulatory approvals within China, including but not limited to final SASAC approval and approval of the National Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange; receipt of regulatory approvals in Canada, including the TSX Venture Exchange and receipt from the Ministry of Energy and Mines of the Government of Eritrea of notice of its approval of the transaction.

Under certain limited conditions a mutual termination fee of US\$1,000,000 would be payable; including acceptance of a superior offer by Sunridge, Sunridge shareholder approval not being received, or failure by either party to receive regulatory approvals.



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Shareholder Vote

The sale of the shares of AMSC represents the sale of substantially all the assets of the Company and will require the approval of at least two-thirds of the votes cast by the shareholders of Sunridge. A special shareholder meeting has been called for January 22, 2016 in Vancouver.

Sichuan Road & Bridge Mining Investment Development Corp. Ltd. ("SRBM")

SRBM is a subsidiary of Sichuan Road & Bridge (Group) Corporation ("SRBG") a large-scale state-owned enterprise based in Chengdu, China and one of the core subsidiary companies of Sichuan Railway Investment Group Co., Ltd. whose main business is the construction of transportation infrastructure such as highways and railways, the development of hydropower and land and mineral resources projects. Since the mid 1990's SRBG has been active in infrastructure projects in Eritrea and is also a partner with ENAMCO in a mineral exploration project in the country.

Planned Dissolution

The junior mineral exploration sector that the Company operates in continues to be subject to extremely difficult market conditions, where it can be difficult, and in some cases impossible, to raise equity funding to finance mineral property development programs in addition to funding continued listing and reporting requirements to remain as a publicly traded company.

The Board of Directors of Sunridge has carefully reviewed and considered the options of winding up the Company or carrying on as a publicly traded company and acquiring a new mineral property. Management has held discussions with some of its shareholders and advisors and the unanimous advice has been to wind up the Company and distribute all remaining cash to the Company's shareholders. As a result management and the Board of Directors have agreed that when the SPA is put to a shareholder vote they will recommend to the Company's shareholders that Sunridge should distribute the resulting net cash as a return on capital to shareholders in two tranches, and, after satisfying all of its liabilities, Sunridge should dissolve its corporate existence.

The amount of net cash available to be distributed to shareholders is subject to a number of risks and uncertainties, including the timing of closing the transaction, transaction costs, settlement of obligations of the Company, taxation, currency exchange rates and stock option and share purchase warrant exercises, which make it impossible to be definitive at this time. However, management currently expects that the aggregate amount of the distributions to shareholders will be not less than C\$0.35 per share, payable in two distributions. The obligations of the Company that must be settled prior to Sunridge's voluntary dissolution will include payment of the severance packages to its terminated employees, exercise and payment of the US\$1,500,000 option to purchase and cancel the 2% net profits royalty interest held by the Perry Estate, settlement of the WMC (Overseas) Pty Limited entitlement to the first US\$860,000 of revenue derived from the sale of any minerals mined from the Debarwa license, payment of applicable Eritrean income taxes and any other applicable taxes or other liabilities. After the settlement of such obligations, all of the directors except one will resign and the Company will go on care and maintenance for approximately six months until the receipt of the final US\$7,330,000 portion of the deferred payment, plus accrued interest six months after closing the transaction.

The first distribution will be distributed shortly after closing the transaction (outside date currently February 29, 2016) and the second tranche approximately six months later, after receipt of the deferred payment.



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Shortly after closing the transaction the Board of Directors will determine and publicly announce the record date and the expected amount of the first distribution. The Company will likely de-list its shares from trading on the TSX Venture Exchange on or about the record date.

The second tranche distribution would be distributed to the shareholders of record after the final proceeds from the SPA are in hand and all obligations of the Company are settled.

The Company would then voluntarily dissolve.

Asmara Share Mining Company (“AMSC”)

The Asmara Project is held by AMSC of which the Company owns 60% of the shares and the 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 of which US\$5,000,000 has been received. The remaining principal of the deferred payment of US\$13,330,000 was to 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 remaining principal of the deferred payment of US\$13,330,000 is now expected to be paid by SRBM.

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”). Once ENAMCO has fully funded the Contribution Payable, all future project development or exploration costs will be shared two-thirds Sunridge and one-third ENAMCO.

Asmara Project

On September 11, 2015, AMSC signed a mining agreement with the Eritrean Ministry of Energy and Mines and as a result AMSC was awarded three mining licenses on October 16, 2015. These mining licenses cover the four advanced projects (Emba Derho, Adi Nefas, Gupo Gold and Debarwa) that make up the Asmara Project. In addition, AMSC retained the exploration licenses which include the Adi Rassi and Kodadu deposits. The mining agreement and licenses gives AMSC exclusive rights to the mineral title and exclusive rights to conduct mining operations within the license areas for a 20 year term. The exploration licenses are valid until May 20, 2016 after which time they may be extended annually upon certain conditions being met.

The Asmara project is subject to historical underlying agreements:

- 1) Albert J. Perry holds a 2% net profits interest (“NPI”) on all three licenses (the “Perry Option”); and
- 2) WMC (Overseas) Pty Limited will be entitled to the first US\$860,000 of revenue derived from the sale of any minerals mined from Debarwa (the “WMC Charge”)

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 the Perry’s 2% NPI. The Company paid the Perry Estate a non-refundable payment of \$97,695 (US\$75,000) and was granted a one-year option to purchase the NPI interest for US\$1,500,000. 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\$2,500,000.



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The Company will exercise the Perry Option and settle the WMC Charge post closing of the SPA.

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 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.

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.

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.

Results of Operations

The loss for the nine months ended September 30, 2015 (the “Current Period”) was \$1,956,984 and the loss for the nine months ended August 31, 2014 (the “Comparative Period”) was \$3,760,886.

- Consulting fees and salaries, which include fees and salaries paid to the Company’s executives and directors as well as support staff, were \$1,016,667 (\$1,151,356 in the Comparative Period). The decrease in the Current Period relates primarily to a reduction in director fees and certain consultant salaries.
- Exploration and evaluation expenditures of \$83,324 (\$1,014,198 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 \$1,117,671.



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- Financial advisory fees of \$114,854 (\$129,211 in the Comparative Period) were paid to Endeavour Financial International Corporation (“Endeavour”). Endeavour was paid a monthly work fee in US funds however this agreement was terminated in November 2015.
- Investor relations fees of \$187,611 (\$158,735 in the Comparative Period) were paid to three investor relations consulting firms, all of which were terminated in November 2015.
- Professional fees were \$359,937 (\$177,534 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 sale of AMSC and the contingency reported in the Financial Report.
- Travel expenses of \$111,103 (\$124,072 in the Comparative Period) relate primarily of travel to Eritrea of the executive management team.
- Interest expense of \$57,501 relates to a credit facility with an arm’s length party that posted an irrevocable standby letter of credit (the “LC”) in June 2015 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. See the contingency reported in the Financial Report for full disclosure.
- The foreign exchange gain of \$207,428 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 September 30, 2015 (the “Current 3 month Period”) was \$560,763 and the loss for the three months ended August 31, 2014 (the “Comparative 3 month Period”) was \$1,045,299.

- Consulting fees and salaries, which include fees and salaries paid to the Company’s executives and directors as well as support staff, were \$354,813 (\$366,079 in the Comparative 3 month Period). The decrease in the Current 3 month Period relates primarily to a reduction in director fees and certain consulting salaries.
- Exploration and evaluation expenditures of \$1,924 (\$271,969 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 \$462,247.
- Investor relations fees of \$49,993 (\$68,161 in the Comparative 3 month Period) were paid to three investor relations consulting firms, all of which were terminated in November 2015.
- Professional fees were \$70,519 (\$129,877 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 sale of AMSC and the appeal process of the contingent liability reported in the Financial Report.



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- Interest expense of \$49,906 relates to a credit facility with an arm's length party that posted an irrevocable standby letter of credit (the "LC") in June 2015 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. See the contingency reported in the Financial Report for full disclosure.

The remaining costs increased or decreased relatively insignificantly.

Summary of Quarterly Results

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

	3 months ended September 30, 2015	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
Total revenues	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Loss	(560,763)	(697,516)	(698,705)	(611,839)	(1,045,299)	(1,523,413)	(1,192,174)	(1,967,894)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)

Liquidity

The Company began the period with cash of \$3,950,488. In the Current Period, the Company expended \$2,555,609 on operating activities, expended \$1,215,828 on investing activities, and benefitted from \$1,007,970 from non-controlling interest with a positive effect of foreign exchange on cash of \$71,938, to end on September 30, 2015 with \$1,258,959 in cash.

As at September 30, 2015, the Company had working capital of \$5,488,430, of which \$4,433,997 is due from non-controlling interest to be used exclusively to fund cash calls to AMSC. Although management intends to sell the Asmara Project and make a cash distribution to Sunridge shareholders, there are no assurances that this transaction will complete, and therefore the Company may 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.

On November 18, 2015, the Company issued 300,000 common shares on exercise of stock options for gross proceeds of \$60,000.



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Capital Resources

At the date of this MD&A, the Company has 13,550,000 stock options at exercise prices ranging from \$0.22 to \$0.55; 60,774,558 share purchase warrants at exercise prices of \$0.35; 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.

Transactions with Related Parties

- a) The Company's related parties consist of a consulting company owned in whole by Doris Meyer, an executive officer and director of the Company, and an investor relations company owned in whole by Nicola Vermiere, the partner of Greg Davis, an executive officer of the Company, 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 September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Consulting fees	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Investor relations	7,500	7,500	22,500	22,500
	\$ 37,500	\$ 37,500	\$ 112,500	\$ 112,500



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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 September 30, 2015 and August 31, 2014 were as follows:

	Three months ended September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Salaries	\$ 215,000	\$ 187,500	\$ 645,000	\$ 576,250
Consulting fees	30,000	30,000	90,000	90,000
Director fees included in consulting fees and salaries	15,000	40,875	45,000	122,625
Investor relations	7,500	7,500	22,500	22,500
	\$ 267,500	\$ 265,875	\$ 802,500	\$ 811,375

As at September 30, 2015, an amount of \$35,927 (December 31, 2014 - \$25,632) is due to certain officers and directors of the Company and is included in trade and other payables.

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.



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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.

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.

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 wholly-owned Barbados subsidiaries as well as the functional currency of the Company's 60% owned Eritrean subsidiary is the US dollar.



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New Standards, Interpretations and Amendments Not Yet Effective

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

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to IFRS 11

Amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business

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.

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

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	September 30, 2015	December 31, 2014
Cash	FVTPL	\$1,258,959	\$3,950,488
Receivables	Loans and receivables	10,861	19,553
Due from non-controlling interest	Loans and receivables	4,433,997	4,265,641
Trade and other payables	Other liabilities	(280,625)	(779,322)



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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 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.



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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 September 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 September 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	\$	218,181
Due from non-controlling interest		3,322,590
Trade and other payables		(63,341)
	\$	3,477,430

Based on the above net exposures at September 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.

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.



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For the nine months ended September 30, 2015

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 September 30, 2015	209,944,982	80,192,558	16,475,000	1,823,218
Exercise of options	300,000	-	(300,000)	-
Expiry of options	-	-	(2,350,000)	-
Expiry of warrants	-	(19,418,000)	-	-
Outstanding as at the date of this MD&A	210,244,982	60,774,558	13,550,000	1,823,218

* 28,429 broker warrants are exercisable into one unit with each unit consisting of one common share and one-half of one common share purchase warrant. 1,794,789 broker warrants are exercisable into one unit with each unit consisting of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.35 until October 18, 2017.

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 nine months ended September 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 NINE MONTHS ENDED SEPTEMBER 30, 2015

Notice to Reader

These condensed consolidated 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 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>	September 30, 2015	December 31, 2014
ASSETS			
Current			
Cash	4	\$ 1,258,959	\$ 3,950,488
Receivables	5	10,861	19,553
Advances and prepaid expenses	6	65,238	57,722
Due from non-controlling interest	7	4,433,997	4,265,641
		5,769,055	8,293,404
Mineral properties	8	26,232,628	21,780,339
Equipment	9	69,585	105,211
		\$ 32,071,268	\$ 30,178,954
LIABILITIES			
Current			
Trade and other payables	10	\$ 280,625	\$ 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		3,559,658	953,247
Deficit		(110,930,374)	(109,003,845)
Equity attributable to Sunridge shareholders		21,285,944	20,606,062
Non-controlling interest	7	10,504,699	8,793,570
		31,790,643	29,399,632
		\$ 32,071,268	\$ 30,178,954
Nature of operations and going concern	1		
Contingency	15		
Subsequent events	8 & 16		

These condensed consolidated interim financial statements are approved for issue by the Audit Committee of the Board of Directors on November 24, 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)

		Three months ended September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
	Note				
Expenses					
Consulting fees and salaries		\$ 354,813	\$ 366,079	\$ 1,016,667	\$ 1,151,356
Depreciation		7,261	6,967	26,032	40,476
Exploration and evaluation expenditures	8	1,924	271,969	83,324	1,014,198
Financial advisory fees		39,018	39,109	114,854	129,211
Foreign exchange		(86,528)	(206,844)	(207,428)	(213,805)
Insurance		8,300	5,327	18,228	15,979
Investor relations		49,993	68,161	187,611	158,735
Office and miscellaneous		10,386	36,739	43,105	80,479
Professional fees		70,519	129,877	359,937	177,534
Rent, telephone and utilities		28,873	31,621	82,915	95,064
Share-based compensation		-	264,422	-	935,172
Transfer agent, regulatory and shareholder communication		22,733	13,913	78,445	78,962
Travel		6,614	37,274	111,103	124,072
		(513,906)	(1,064,614)	(1,914,793)	(3,787,433)
Interest expense	15	(49,906)	-	(57,501)	-
Interest income		3,049	19,315	15,310	26,547
Loss for the period		\$ (560,763)	\$ (1,045,299)	\$ (1,956,984)	\$ (3,760,886)
Loss attributable to:					
Sunridge shareholders		\$ (560,050)	\$ (1,031,001)	\$ (1,926,529)	\$ (3,746,588)
Non-controlling interest		(713)	(14,298)	(30,455)	(14,298)
		\$ (560,763)	\$ (1,045,299)	\$ (1,956,984)	\$ (3,760,886)
Basic and diluted loss per share attributable to Sunridge shareholders					
		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding					
		209,944,982	209,944,982	209,944,982	209,854,654

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 September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Loss for the period	\$ (560,763)	\$ (1,045,299)	\$ (1,956,984)	\$ (3,760,886)
Items that may be reclassified subsequently to profit and loss				
Foreign exchange translation adjustment	1,838,594	351,711	3,753,300	351,711
Comprehensive income (loss) for the period	\$ 1,277,831	\$ (693,588)	\$ 1,796,316	\$ (3,409,175)
Comprehensive income (loss) attributable to:				
Sunridge shareholders	\$ 543,106	\$ (819,974)	\$ 325,451	\$ (3,535,561)
Non-controlling interest	734,725	126,386	1,470,865	126,386
	\$ 1,277,831	\$ (693,588)	\$ 1,796,316	\$ (3,409,175)

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)

	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Cash flows to operating activities		
Loss for the period	\$ (1,956,984)	\$ (3,760,886)
Items not involving cash:		
Depreciation	26,032	40,476
Share-based compensation	-	935,172
Non-cash interest income	-	(18,103)
Unrealized foreign exchange	(187,219)	(151,673)
Change in non-cash working capital items:		
Receivables	8,883	39,651
Advances and prepaid expenses	(5,701)	26,886
Trade and other payables	(440,620)	(132,126)
	(2,555,609)	(3,020,603)
Cash flows to investing activities		
Development costs	(1,214,506)	(110,721)
Purchase of equipment	(1,322)	(4,514)
	(1,215,828)	(115,235)
Cash flows from financing activities		
Proceeds received on sale of interest in AMSC	-	2,158,850
Proceeds from issuance of shares	-	33,000
Contributions from non-controlling interest	1,007,970	-
	1,007,970	2,191,850
Effect of foreign exchange on cash	71,938	(1,862)
Decrease in cash for the period	(2,691,529)	(945,850)
Cash, beginning of period	3,950,488	2,687,318
Cash, end of period	\$ 1,258,959	\$ 1,741,468
Non-cash investing and financing activities		
Depreciation included in mineral properties	\$ 20,104	\$ 9,959
Mineral properties included in trade and other payables	84,529	182,092
Allocation of share-based reserve on exercise of options	-	22,699
Supplementary information		
Interest paid	74,317	-
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	-	-	-	-	-	-	167,655	167,655
Contributions from non-controlling interest	-	-	-	-	-	-	427,040	427,040
Foreign exchange translation adjustment	-	-	-	2,606,411	-	2,606,411	1,146,889	3,753,300
Loss for the period	-	-	-	-	(1,926,529)	(1,926,529)	(30,455)	(1,956,984)
Balance, September 30, 2015	209,944,982	\$ 115,332,326	\$ 13,324,334	\$ 3,559,658	\$ (110,930,374)	\$ 21,285,944	\$ 10,504,699	\$ 31,790,643

	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	-	-	935,172	-	-	935,172	-	935,172
Sale of interest in AMSC	-	-	-	-	-	-	9,245,538	9,245,538
Reallocation of non-controlling interest between parties of AMSC	-	-	-	-	1,848,237	1,848,237	(1,848,237)	-
Due from non-controlling interest	-	-	-	-	-	-	161,990	161,990
Foreign exchange translation adjustment	-	-	-	211,027	-	211,027	140,684	351,711
Loss for the period	-	-	-	-	(3,746,588)	(3,746,588)	(14,298)	(3,760,886)
Balance, August 31, 2014	209,944,982	\$ 115,332,326	\$ 13,296,854	\$ 211,027	\$ (108,450,130)	\$ 20,390,077	\$ 7,685,677	\$ 28,075,754

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 nine months ended September 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 nine months ended September 30, 2015 with comparative balances as at December 31, 2014 and comparative amounts for the nine months ended August 31, 2014.

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

On November 6, 2015, Sunridge executed a share purchase agreement to sell its 60% interest in AMSC to Sichuan Road & Bridge Mining Investment Development Corp. Ltd. (“SRBM”) for an upfront purchase price of US\$65,000,000 cash. In addition, SRBM has assumed the obligation to pay Sunridge the remaining principal of the deferred payment of US\$13,330,000 owed to the Company by Eritrean National Mining Corporation. Once the final cash payment from SRBM is received by Sunridge and all transaction costs and other obligations of the Company have been settled, the Company currently anticipates a cash distribution by way of return of capital to shareholders (Note 16).

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 September 30, 2015, the Company had working capital of \$5,488,430, of which \$4,433,997 is due from non-controlling interest to be used exclusively to fund cash calls to AMSC. Although management intends to sell the Asmara Project and make a cash distribution to Sunridge shareholders, there are no assurances that this transaction will complete, and therefore the Company may 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.

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

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

For the nine months ended September 30, 2015

2. BASIS OF PRESENTATION (continued)

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.

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 wholly-owned 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.

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

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

For the nine months ended September 30, 2015

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)**(i) Critical accounting estimates (continued)**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.

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.

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 wholly-owned Barbados subsidiaries as well as the functional currency of the Company's 60% owned Eritrean subsidiary is the US dollar.

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

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

For the nine months ended September 30, 2015

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 September 30, 2015, and have not been applied in preparing these consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to IFRS 11

Amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business

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.

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

4. CASH

	September 30, 2015	December 31, 2014
Canadian dollar denominated deposits held in Canada	\$ 967,797	\$ 3,039,400
US dollar denominated deposits held in Canada	17,941	252,673
US dollar denominated deposits held in Barbados	15,198	-
US dollar denominated deposits held in Jersey	144,266	-
US dollar denominated deposits held in Eritrea	30,571	615,529
Nakfa denominated deposits held in Eritrea	83,186	42,886
Total	\$ 1,258,959	\$ 3,950,488

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

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

For the nine months ended September 30, 2015

5. RECEIVABLES

	September 30, 2015	December 31, 2014
Amounts due from the Government of Canada pursuant to input tax credits	\$ 10,529	\$ 15,946
Other amounts receivable	332	3,607
Total	\$ 10,861	\$ 19,553

6. ADVANCES AND PREPAID EXPENSES

	September 30, 2015	December 31, 2014
Advances held by suppliers in Canada	\$ -	\$ 9,069
Advances held by suppliers in Eritrea	-	2,521
Prepaid expenses in Canada	30,598	39,137
Prepaid expenses in Eritrea	17,824	6,995
Prepaid interest in Canada	16,816	-
Total	\$ 65,238	\$ 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 was to 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. The balance of the Purchase Price of US\$13,330,000 is now expected to be paid by SRBM (Note 16).

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, all future project development or exploration costs will be shared two-thirds Sunridge and one-third ENAMCO.

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

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

For the nine months ended September 30, 2015

7. DUE FROM NON-CONTROLLING INTEREST (continued)

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

December 31, 2014	\$	4,265,641
Benefit of contributions due from non-controlling interest		167,655
Contributions from non-controlling interest		(640,560)
Foreign exchange		641,261
September 30, 2015	\$	4,433,997

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

December 31, 2014	\$	8,793,570
Benefit of contributions due from non-controlling interest		167,655
Contributions from non-controlling interest		427,040
Share of other comprehensive income for the period		1,146,889
Share of loss for the period		(30,455)
September 30, 2015	\$	10,504,699

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

	September 30, 2015	December 31, 2014
Non-controlling interest percentage	40%	40%
ASSETS		
Current	\$ 275,847	\$ 675,260
Non-current	26,193,859	21,848,862
	\$ 26,469,706	\$ 22,524,122
LIABILITIES		
Current	\$ 207,959	\$ 540,198
Non-current	-	-
	\$ 207,959	\$ 540,198
Net assets	\$ 26,261,747	\$ 21,983,924
Non-controlling interest	\$ 10,504,699	\$ 8,793,570

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

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

For the nine months ended September 30, 2015

7. DUE FROM NON-CONTROLLING INTEREST (continued)

The following table presents the loss and comprehensive income (loss) attributable to non-controlling interest for the three and nine months ended September 30, 2015 and August 31, 2014:

	Three months ended September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Loss for the period	\$ (560,763)	\$ (1,045,299)	\$ (1,956,984)	\$ (3,760,886)
Foreign exchange translation adjustment	1,838,594	351,711	3,753,300	351,711
Comprehensive income (loss) for the period	\$ 1,277,831	\$ (693,588)	\$ 1,796,316	\$ (3,409,175)
Loss attributable to non-controlling interest	\$ (713)	\$ (14,298)	\$ (30,455)	\$ (14,298)
Foreign exchange translation adjustment	735,438	140,684	1,501,320	140,684
Comprehensive income (loss) attributable to non-controlling interest	\$ 734,725	\$ 126,386	\$ 1,470,865	\$ 126,386

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	97,695	999,872	20,104	-	1,117,671
Translation adjustment	-	-	-	3,334,618	3,334,618
September 30, 2015	\$ 18,770,367	\$ 2,393,277	\$ 50,797	\$ 5,018,187	\$ 26,232,628

Asmara Project, Eritrea

On September 11, 2015, AMSC signed a mining agreement with the Eritrean Ministry of Energy and Mines and as a result AMSC was awarded three mining licenses on October 16, 2015. These mining licenses cover the four advanced projects (Emba Derho, Adi Nefas, Gupo Gold and Debarwa) that make up the Asmara Project. In addition, AMSC retained the exploration licenses which include the Adi Rassi and Kodadu deposits. The mining agreement and licenses gives AMSC exclusive rights to the mineral title and exclusive rights to conduct mining operations within the license areas for a 20 year term. The exploration licenses are valid until May 20, 2016 after which time they may be extended annually upon certain conditions being met.

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

For the nine months ended September 30, 2015

8. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (continued)

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 Debarwa. 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 \$97,695 (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.

The following table presents the Company’s exploration and evaluation expenditures for the nine months ended September 30, 2015 and August 31, 2014:

	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Assays	\$ 12,321	\$ 46,470
Communications	200	61,066
Community development	-	3,343
Contractors and consultants	4,130	312,620
Environment	2,878	101,832
Equipment rental costs	7,257	3,310
Field support and consumables	10,073	44,273
Salaries	33,617	304,723
Travel and accommodation	-	102,321
Vehicle running costs	12,848	34,240
Exploration and evaluation expenditures	\$ 83,324	\$ 1,014,198

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

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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	-	-	398	924	-	-	1,322
Translation adjustment	-	-	19,678	50,763	52,574	50,828	173,843
September 30, 2015	\$ 145,219	\$ 39,243	\$ 150,818	\$ 388,997	\$ 402,294	\$ 388,932	\$ 1,515,503
Accumulated depreciation							
December 31, 2014	\$ 112,778	\$ 34,993	\$ 114,557	\$ 294,724	\$ 349,720	\$ 328,355	\$ 1,235,127
Depreciation	21,782	4,250	4,349	12,064	-	3,691	46,136
Translation adjustment	-	-	17,478	45,021	52,574	49,582	164,655
September 30, 2015	\$ 134,560	\$ 39,243	\$ 136,384	\$ 351,809	\$ 402,294	\$ 381,628	\$ 1,445,918
Carrying amounts							
December 31, 2014	\$ 32,441	\$ 4,250	\$ 16,185	\$ 42,586	\$ -	\$ 9,749	\$ 105,211
September 30, 2015	\$ 10,659	\$ -	\$ 14,434	\$ 37,188	\$ -	\$ 7,304	\$ 69,585

10. TRADE AND OTHER PAYABLES

	September 30, 2015	December 31, 2014
Trade and other payables in Canada	\$ 23,393	\$ 213,492
Trade and other payables in Eritrea	207,959	540,198
Trade and other payables in Barbados	13,346	-
Due to related parties	35,927	25,632
Total	\$ 280,625	\$ 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 September 30, 2015 and December 31, 2014.

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

For the nine months ended September 30, 2015

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

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

Expiry date	Exercise price	Balance, December 31, 2014	Issued	Exercised	Expired	Balance, September 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

* Expired unexercised subsequent to September 30, 2015

d) Broker warrants

The continuity for broker warrants for the nine months ended September 30, 2015 is as follows:

Expiry date	Exercise price	Balance, December 31, 2014	Issued	Exercised	Expired	Balance, September 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. Each whole warrant entitles the holder to purchase one common share at a price of \$0.35 until October 18, 2017.

** Exercisable into one unit with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.35 until October 18, 2017.

e) Stock options

The continuity for stock options for the nine months ended September 30, 2015 is as follows:

Expiry date	Exercise price	Balance, December 31, 2014	Issued	Exercised	Expired	Balance, September 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	-	-	(275,000)	16,200,000
Weighted average exercise price		\$0.47	\$0.00	\$0.00	\$0.50	\$0.47

* Expired unexercised subsequent to September 30, 2015

** Exercised subsequent to September 30, 2015

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

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For the nine months ended September 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 September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Consulting fees	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Investor relations	7,500	7,500	22,500	22,500
	\$ 37,500	\$ 37,500	\$ 112,500	\$ 112,500

- 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 September 30, 2015 and August 31, 2014 were as follows:

	Three months ended September 30, 2015	Three months ended August 31, 2014	Nine months ended September 30, 2015	Nine months ended August 31, 2014
Salaries	\$ 215,000	\$ 187,500	\$ 645,000	\$ 576,250
Consulting fees	30,000	30,000	90,000	90,000
Director fees included in consulting fees and salaries	15,000	40,875	45,000	122,625
Investor relations	7,500	7,500	22,500	22,500
	\$ 267,500	\$ 265,875	\$ 802,500	\$ 811,375

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.

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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	September 30, 2015	December 31, 2014
Cash	FVTPL	\$1,258,959	\$3,950,488
Receivables	Loans and receivables	10,861	19,553
Due from non-controlling interest	Loans and receivables	4,433,997	4,265,641
Trade and other payables	Other liabilities	(280,625)	(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**

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For the nine months ended September 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 in June 2015 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 nine months ended September 30, 2015, the Company recorded interest expense of \$57,501.

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.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2015, the Company completed the following transactions, not disclosed elsewhere in these financial statements:

- i) On November 6, 2015, Sunridge executed a share purchase agreement (“SPA”) to sell its 60% interest in AMSC to Sichuan Road & Bridge Mining Investment Development Corp. Ltd. (“SRBM”) for an upfront purchase price of US\$65,000,000 cash. In addition, SRBM has assumed the obligation to pay Sunridge the remaining principal of the deferred payment of US\$13,330,000 owed to the Company by ENAMCO. The obligations of the parties to complete the transaction are subject to conditions described below being satisfied or waived prior to closing. Once the final cash payment from SRBM is received by Sunridge and all transaction costs and other obligations of the Company have been settled, the Company currently anticipates a cash distribution by way of return of capital to shareholders.

Transaction Details

On closing, SRBM will pay Sunridge US\$71,000,000 in cash comprising the US\$65,000,000 purchase price and the first US\$6,000,000 of the deferred payment owed by ENAMCO. ENAMCO will pay Sunridge the interest accrued on the US\$6,000,000 from June 27, 2014 to the date of closing. SRBM will also deliver a bank guarantee to Sunridge for the remaining US\$7,330,000 deferred payment to be paid to Sunridge within 6 months of closing. ENAMCO will be responsible for interest owing to Sunridge on the US\$7,330,000 payment.

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16. SUBSEQUENT EVENTS (continued)

SRBM has conducted extensive and detailed financial, technical and legal due diligence on the Asmara Project and AMSC over the past several months. This work is now completed and the SPA is not subject to any further due diligence work.

The SPA has been approved by the boards of directors of both Sunridge and SRBM. Prior to its execution, the parties received approval in principle from the Sichuan Provincial Regulatory body, Sichuan State-Owned Asset Supervision and Administration Commission of the State Council (“SASAC”). Sunridge’s partner ENAMCO has also given its consent to the transaction.

Transaction Fee

A financial advisor of Sunridge will be paid a transaction fee of US\$975,000 on closing, being 1.5% of the US\$65,000,000 purchase price.

The Conditions to Closing include:

- Sunridge shareholders approving the transaction at a meeting to be called and held in January 2016; and
- Receipt of the remaining final regulatory approvals within China, including but not limited to final SASAC approval and approval of the National Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange; receipt of regulatory approvals in Canada, including the TSX Venture Exchange and receipt from the Ministry of Energy and Mines of the Government of Eritrea of notice of its approval of the transaction.

Under certain limited conditions a mutual termination fee of US\$1,000,000 would be payable; including acceptance of a superior offer by Sunridge, Sunridge shareholder approval not being received, or failure by either party to receive regulatory approvals.

Shareholder Vote

The sale of the shares of AMSC represents the sale of substantially all the assets of the Company and will require the approval of at least two-thirds of the votes cast by the shareholders of Sunridge. A special shareholder meeting has been called for January 22, 2016 in Vancouver.

- ii) On November 18, 2015, the Company issued 300,000 common shares on exercise of stock options for gross proceeds of \$60,000.