Form 51-102F1
Management's Discussion & Analysis for the year ended June 30, 2014

DATE: October 27, 2014

The following Management's Discussion and Analysis ("MD&A") is a review of the operations, current financial position and outlook of Gold Bullion Development Corp. ("Gold Bullion" or the "Company"), and it has been prepared by management and should be read in conjunction with the audited consolidated financial statements of Gold Bullion for the year ended June 30, 2014, and the related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The discussion covers the year ended June 30, 2014 and up to the date of filing of this MD&A. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

DESCRIPTION OF BUSINESS

Gold Bullion Development Corp. is a junior natural resource company whose business is to seek out exploration opportunities with a focus on the Granada Gold Mine in Rouyn-Noranda, Quebec. Operations are conducted either directly or through consulting agreements with third-parties. The Company finances its properties by way of equity or debt financing or by way of joint ventures. Additional information is provided in the Company's audited consolidated financial statements for the year ended June 30, 2014, and the Company's audited consolidated financial statements for the year ended June

30, 2013. These documents are available on SEDAR at www.sedar.com. The Company also maintains a website at www.goldbulliondevelopmentcorp.com.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol GBB, the US OTC market under the symbol GBBFF and the Frankfurt Stock Exchange under the symbol B6D-FRA.

The corporate office of the Company is located at 401 - 1231 Barclay Street, Vancouver, British Columbia, V6E 1H5.

CORPORATE

Financing

On November 12, 2012, the Company issued 300,000 common shares valued at $34,500 ($0.115 per share) pursuant to the November 22, 2010 agreement to acquire 174 mining claims in the Company's Granada property.

On November 30, 2012, the Company closed a non-brokered private placement financing by the issuance of 16,231,066 flow-through units at $0.15 per unit, and on December 28, 2012, 3,333,334 flow-through units at $0.15 to raise gross proceeds of $2,934,660. Each unit consists of one common share and one-half of a transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of one year from the date of issuance, at a purchase price of $0.18 per share. The fair value of the warrants was determined, using the Black-Scholes option pricing model, to be $152,910.

In connection with the Private Placement, the Company paid finder's fees of $235,813 and issued 1,511,818 non-transferable broker warrants to the respective finder. Of these broker warrants, 266,666 will entitle the holder to purchase 266,666 common shares for a period of one year from the date of issuance, at a purchase price of $0.15 per share and 1,245,152 broker warrants will entitle the holder to purchase 1,245,152 units for a period of one year from the date of issuance, at a price of $0.15 per unit. Each unit consists of one common share and one-half of a warrant. Each whole warrant will entitle its holder to acquire one common share at a price of $0.18. The fair value of the broker warrants was determined, using the Black-Scholes option pricing model, to be $54,427.

On October 21, 2013, the Company closed a non-brokered private placement financing by the issuance of 13,857,200 units at a purchase price of $0.07 per unit for gross proceeds of $970,004. Each unit consists of one flow-through common share in the capital of the Company and one-half of a non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share in the capital of the Company on or before April 21, 2015, at a purchase price of $0.10 per share.

In connection with the private placement, the Company paid finders' fees consisting of $72,000 in cash and issued 514,288 non-transferable broker warrants, each broker warrant exercisable into one common share in the capital of the Company on or before April 21, 2015 at a purchase price of $0.10 per share.

On January 31, 2014, the Company closed a non-brokered private placement financing by the issuance of 15,212,700 units at a purchase price of $0.05 per unit for gross proceeds of $760,635. Each unit consists of one flow-through common share in the capital of the Company and one-half of a non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share in the capital of the Company on or before January 31, 2017, at a purchase price of $0.10 per share.

In connection with the private placement, the Company paid finders' fees consisting of $25,000 in cash and issued 500,000 non-transferable broker warrants, each broker warrant exercisable into one common share in the capital of the Company on or before January 31, 2017 at a purchase price of $0.10 per share.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Other than as described below, none of the directors, officers or promoters of the Company are, or within the past ten years prior to the date hereof have been, a director, officer, or promoter of any other issuer that, while that person was acting in that capacity:

(a) was subject to a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or

(b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

On November 6, 2008, a cease trade order was issued by the British Columbia Securities Commission for the Company's failure to file its annual audited financial statements, and management's discussion and analysis, for the year ended June 30, 2008. The cease trade order was revoked on December 9, 2008 and the Company's shares were reinstated for trading on February 18, 2009 after the Company met TSX Venture Exchange requirements. Frank Basa, Jacques Monette and Roger Thomas, directors of the Company, were directors of the Company at this time.

On September 6, 2011, a cease trade order was issued by the Quebec Securities Commission for failure to file its annual audited financial statements, and management discussion and analysis, for the year ended April 30, 2011 to Excel Gold Mining Inc. ("Excel"). Jacque Monette, a director of the Company, is also a director of Excel. On September 7, 2011, a similar cease trade order was issued by the British Columbia Securities Commission and on December 20, 2011 a cease trade order was issued by the Alberta Securities Commission. Excel was subsequently delisted from the TSX Venture Exchange on October 11, 2012.

On August 31, 2012, Landdrill International Inc. ("Landdrill") announced that it had obtained an initial order from the New Brunswick Court of Queen's Bench under the Companies Creditor Arrangement Act and effective October 12, 2012, a cease trade order was issued against Landdrill by the New Brunswick Securities Commission for failure to file its interim financial statements, and management discussion and analysis, for the period ended June 30, 2012. In addition, effective October 12, 2012, Landdrill's securities were suspended from trading by the TSX Venture Exchange. On May 30, 2013 Landdrill was declared bankrupt pursuant to the Bankruptcy and Insolvency Act. Jacque Monette and Ronald Goguen, directors of the Company, are also directors and officers of Landdrill.

EXPLORATION AND EVALUATION PROJECTS

Granada Property

In total, the Company currently retains rights to 2 mining leases and 178 mining claims for a cumulative total of 7,232.23 hectares. The mining leases are subject to a 2% GMR, of which half may be purchased for $1,000,000 and a 1% NSR and 23 of the mining claims are subject to a 1% NSR. Additionally, there is a 2% NSR on 4 properties optioned from the D2D3 Group ("D2D3") in 2010, half of which may be purchased for $1,000,000.

The Granada deposit is a quartz-vein mesothermal gold deposit hosted by late Achaean Timiskaming sedimentary rock and younger syenite porphyry dykes. The dykes belong to a late tectonic suite that hosts the mesothermal gold mineralization in the Kirkland Lake and Timmins gold camps in Ontario and in Duparquet, north of Rouyn-Noranda, in Quebec.

Gold mineralization is hosted by east-west trending smokey grey, fractured quartz veins and stringers. Free gold occurs at vein margins or within fractures of the quartz veins or sulphides. Late northeasterly-trending, sigmoidal faults also host high-grade gold mineralization.

As of the date of this report, mineralization at the Granada gold mine remains open in all directions. The Company processed a bulk sample of 140,000 tonnes in 2007 from an open pit at the Granada site of which 30,000 tonnes was milled using an on-site mill. The average gold grade from this large sample was 1.62 grams per tonne with a 90-per-cent rate of recovery realized. The waste from this bulk sample, along with stockpiled waste from past bulk sampling programs from previous operators at Granada, was also assayed returning a grade of 1.75 g/t gold. These results confirmed the presence of gold mineralization between the known individual east-west trending vein structures. All core is being analyzed to determine whether there is sufficient grade between the higher-grade vein structures to allow for bulk, open pit extraction.

The first four phases of the drill campaign have been completed with just under 90,000 metres drilled since December 2009. A table of highlights from all drilling can be found on the company's website: www.goldbulliondevelopmentcorp.com

An updated Resource Estimate and Preliminary Economic Assessment (PEA) Technical Report was released February 4, 2013 (effective December 21, 2012) by SGS Geostat which outlined a preliminary resource of 1.6 million ounces gold at 1 gram per tonne in the M & I categories and 1 million ounces in the inferred category, detailed as in situ measured resource of 946,000 ounces (28.735 million tonnes grading 1.02 g/t), indicated resource of 659,000 ounces (18.740 million tonnes grading 1.09 g/t) and an inferred resource of 1,033,000 ounces gold (29.975 million tonnes grading 1.07 g/t Au) using a cut-off grade of 0.40 g/t. The Company is now targeting an additional 1 to 2 million ounces grading 3 to 4 grams per tonne within 10 to 15 million tonnes to this total (as press released November 26, 2012) with subsequent drill programmes.

In February 2013 (effective December 21, 2012) the company released its first preliminary economic assessment (PEA) with a proposed combination of open pit and underground operations. The 43-101 compliant PEA was prepared by SGS Canada based on the measured, indicated and inferred resource numbers released in November 2012 and updated in December 2012.

PEA Highlights are stated in the company's Press Release dated December 21, 2012 and the full report is available on the company's website (http://www.goldbulliondevelopmentcorp.com) as well as on SEDAR (www.sedar.com).

The Company completed and released its Prefeasibility Study (PFS) on June 19, 2014 (effective May 6, 2014). The results from the PFS demonstrate the economic viability of the Granada Mine Rolling Start

based on the mineral reserves derived from resources that were outlined by SGS Canada Inc., as disclosed in the Company's news release dated May 6th, 2014. The PFS highlights the fact that significant amounts of gold resources are present. With the next phase of drilling these additional resources have the potential to be converted to reserves and as such there remains excellent exploration likelihood to further expand the size of the existing mineral inventory. The PFS Phase 1 "Rolling Start" Open Pit plan for gold production also provides a more conservative estimate of profitability than the Preliminary Economic Assessment (PEA) due to the exclusion of the inferred resources in conjunction with the use of a higher cut-off grade. As such, the PFS provides estimates that have a lower risk.

The Technical Report dated June 19, 2014 is available under the Company's profile on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website at www.goldbulliondevelopmentcorp.com.

The Company completed a 450-metre trenching program during the summer of 2013 that was undertaken to further evaluate the near-surface mineralized zones of the potential open pit at the Granada Gold Mine. Assays from channel samples taken from the trenched areas varied from 22.42 grams per tonne Au over 1.04 metres to 0.01 grams per tonne Au over 0.82 metres. The higher grades were from samples in the eastern section of the extended LONG Bars zone.

Significant visible gold was also encountered very near surface at a depth of 10 centimetres in the western area of trenching.

The Company is making steady progress on its environmental studies and tests. In addition to the base line study, the Company conducted packer tests for the hydrological study - an additional requirement for the Certificate of Authorization (CofA). The packer test is meant to test permeability of the rock by sections using boreholes with resulting data used for the hydrogeological modelling of the open pit, for dewatering and for impact of potential water draw down on neighbouring water wells.

Additional studies include water well measurements on near-by wells and noise-monitoring studies which have been completed and submitted along with its application for a Certificate of Authorization. These are all ongoing studies to comply with Ministry Guidelines, the Mining Act and community concerns. Public Consultation is continuing with the communities of Granada and Rouyn-Noranda to address their concerns in a positive and respectful manner for the mutual benefit of all. A number of questions and concerns have been put forward and the Company is committed to answering and dealing with any issues while maintaining a commitment to the environment and while moving forward within the confines of legislation and regulations mandated by both Federal and Provincial Governments. In addition, a Communication Protocol Agreement has been signed between The Company and Temiskaming First Nations (TFN) to facilitate and ensure timely, effective and transparent communications moving forward (see Company Press Release August 26, 2014. This Communications Protocol is for the purposes of establishing a positive working relationship based on mutual respect concerning the Granada Mine project and any other Company mining activities located on the TFN's traditional territory. The Communications Protocol Agreement is intended to serve as a framework to develop a more specific agreement over the next several months.

In preparation for the Rolling Start, Gold Bullion has signed a custom milling agreement with IAMGOLD to process ore from the Granada gold property at their Westwood Mill facilities. The officers of both companies have approved this agreement, the terms of which were press released July 14, 2014 http://goldbulliondevelopmentcorp.com/en/Default.aspx. The signing of this agreement is a significant milestone for the Company and its shareholders as an efficient, direct, well-defined path to commercial gold production using Granada ore via implementation of the "rolling start" concept. The annual target is set at 192,000 tonnes. The agreement anticipates that gold doré bars will be poured at the IAMGOLD mill, then transported by secure service to the Royal Canadian Mint for refining, with the finished product

then sold as bullion to Scotia Mocatta, a division of Scotiabank Global Banking and Markets (Bank of Nova Scotia). The commencement of this process is contingent upon the receipt of Certificates of Authorization for both IAMGOLD and Gold Bullion.

On August 13, 2014 the Company announced a permit to allow limited trenching in order to more precisely define the location to commence mining the Mousseau Pit (the easternmost pit as outlined in the Press Release found on the company website (http://goldbulliondevelopmentcorp.com/en/news/overview.aspx). The Mousseau Pit has an estimated 32,144 ounces gold at a grade of 4.37 grams per tonne gold in 229,000 tonnes of ore in the Probable Reserve Category. These newly released numbers form part of a subset of data prepared for the PFS report released June 19, 2014 effective May 6, 2014. This pit will commence in Year 1 of the Rolling Start and will be completed in Year 2. The Granada Rolling Start has been developed by the Company as a model to derisk the project while optimizing exploration, mining, and processing parameters for best fit under current economic conditions. The model is sufficiently dynamic and has been developed to anticipate future market changes.

Gold Bullion's management is extremely pleased with the exploration results to date. The expansion of mineralized zones through drilling, coupled with the positive results from bulk sampling, leaves the company confident its objective of defining an economic, bulk-tonnage gold deposit amenable to open-pit mining is increasingly probable with each step forward.

Castle Silver Mine Property

The Castle Silver Mine Property encompasses a 100% interest in 34 Mining Leases and 2 Mining Licenses of Occupation located in the Haultain and Nicol Townships of Ontario covering a total of 564.41 hectares. This core property is subject to a sliding scale royalty on silver production. This starts at 3% when the price of silver is US$15 or lower per troy ounce and rises up to 5% when the price of silver is greater than US$30 per troy ounce. There is also a 5% gross overriding royalty (GOR) on the sale of products derived from the property with a minimum annual payment of $15,000 in the form of royalties on all future production from the property. The company staked, in 2013, an additional 16 claims consisting of 169 16-ha claim units adding significantly to the existing land package with holdings now up to 3,252 ha – a nearly six-fold increase from the original 564 ha acquired in 2006.

The former-producing mine was operated at various times since 1917 producing a total of 692,302,483 grams (22,257,871 oz) silver from the No. 3 shaft as reported in a press release dated April 11, 2011. This included production by Agnico-Eagle Mines Ltd. from 1979 to 1989, which came to 101,024 tonnes milled; 91,421,294 grams silver; 34,597 kilograms cobalt; and 10,180 kilograms copper. Operations were shut down in 1989 due to low silver prices.

As part of their 2011 drill program, and as reported in a press release dated August 25, 2011, Castle Silver drilled a significant intersection of 3.09m grading 6476 g/tonne Ag in hole CA1108; one of 12 holes forming part of the 6000m winter drill program in 2011.

As part of the recent staking in Haultain Township, two existing geological trends were targeted:

- A potential north-south trending Nipissing diabase intrusive - the typical host rock for Ag-Co-Ni deposits of Gowganda mining camp. The staking of this diabase trend includes two north-south trending faults: the McRae Fault and the Mire Lake Fault.
- A potential gold trend along the east-west-trending Bloom Lake Fault to follow up on a recent, significant gold discovery located approximately 7 km south of the Bloom Lake Fault.

Potentially significant quartz float northwest of Castle adit was identified south of the Bloom Lake Fault within the Montreal River Provincial Park. This float supports the potential of a quartz vein system in the staked ground east of the Montreal River Provincial Park along the Bloom Lake Fault.

In Nicol Township, an additional 2 claims consisting of 3 claim units were staked as part of the 2013 staking. These claims are in close proximity to the historic O'Brien Mine (1,267,059,144 g (40,736,585 ounces) Ag production to the end of 1969 as reported in a 1978 Ontario Geological Survey Report 175) and incorporate the Castle #1 shaft. The workings of the O'Brien Mine and the Castle #1 Mine are interconnected. These new claims fill gaps within Castle Silver's mining lease fabric making exploration of these isolated claims more practical. 1917 which is a hazard for anyone working or participating in recreational activities in the area.

Gold Bullion carried out a total of 6,842.38 m of diamond drilling on the Castle Silver Mine Property between February and July 2011. A total of twelve holes, NQ size core, were drilled. The program successfully identified multiple new vein structures, the most significant being a silver-cobalt vein in hole CA11-08 with a weighted average of 6,476 g/t Ag over 3.09m. Additional surface and down-the-hole geophysical work is planned prior to further follow-up diamond drilling.

A technical report dated August 15, 2011 with respect to the Castle Silver Mine Property is available on SEDAR at www.sedar.com under Gold Bullion's company profile.

Underground workings at the Castle Silver Mine have not been accessed since 1989 when the low price of silver forced Agnico-Eagle Mines to shut down operations. The first level, at 70 feet below the collar at the shaft, is accessible by way of an adit. Because the adit level is above the water table, the workings are dry and therefore do not require any dewatering for initial inspection. The company has applied for and received an Advanced Exploration Permit to allow the opening of the adit for mapping and sampling purposes. The adit has been opened and fenced and is awaiting proposals for work to allow safe access to the workings to comply with current safety and labour practices and regulations.

On surface, the property boundary has been surveyed and lines cut in preparation for a follow-up geophysical IP survey based on the success of drilling IP-defined targets in 2011. A small amount of stripping (approximately 1200m^2) of minimal overburden was completed during the summer of 2012 to enable the successful definition and mapping of a series of structures causing the electrical anomalies identified from creating a continuous link from the vein at the entrance to the adit.

Beaver Property, Ontario, Canada

The Company holds a 7-year option to acquire a 100% interest to an area of approximately 20 acres in Coleman Township, Ontario. The property is subject to a 3% net smelter return royalty, and the Company may purchase each 1% of the NSR royalty for $1.5 million.

The Company has released results of a high definition mineralogy study and some scoping level flotation and gravity separation tests done by SGS Lakefield on samples from its Beaver Silver Property, located 15 kilometres east of the historic silver camp in Cobalt, Ontario. See Press Release dated February 14, 2013 on the company's website (www.goldbulliondevelopmentcorp.com).

The test work above was based on a 20-kilogram sample from 400 kilograms of cobalt-nickel sulfide material hand cobbed from the historic waste pile at the Beaver Silver Mine. The sample used in this test program, has an average calculated assay of 7.98 percent Cobalt, 3.98 percent Nickel and 1246 grams per tonne silver. Combined gravity-flotation recoveries from the limited test program yielded 64.2 percent for Cobalt, 61.2 percent for Nickel and 92.0 percent for Silver. No real effort was made to produce a sellable concentrate.

The Company is encouraged by these test results and is extending the test program by doing further gravity concentration of the material followed by pressure leaching. At this stage, the Company plans to produce a bulk metal hydroxide cake with the long-term objective of producing a Cobalt product for the Lithium-Ion battery market. The present test program will examine Silver and Cobalt-Nickel sulfides only.

SHAREHOLDERS GOLD PURCHASE PROGRAM

Gold Bullion intends to implement the Shareholder Gold Royalty Program, if and when the Granada Gold Mine enters into production. The Shareholder Gold Royalty Program will be for the life of the Granada Gold Mine for all current resources, and for other resources that may be discovered through further exploration. Gold Bullion cannot guarantee that the Granada Gold Mine will enter into production or that the proposed Shareholder Gold Royalty will be implemented. The proposed Shareholder Gold Royalty Program replaces the Shareholder Gold Purchase Program outlined in Gold Bullion's news release dated June 4, 2008, and is part of the Company's forward-looking policy of ensuring shareholder value. Gold Bullion will inform shareholders of the details of the Shareholder Gold Royalty Program as it is developed.

On June 4, 2008, the Company announced confirmation was received from the TSX Venture Exchange that they will not object to the gold program if it is within certain conditions.

On February 15, 2013, the Company provided an update with respect to its proposed Shareholder Gold Royalty Program. The Company intends to file a formal application with the TSX Venture Exchange with the objective of going ahead with the gold program, and it anticipates that this will occur during fiscal 2015. The Company is preparing plans for the Granada Gold Mine to enter into production. The Company will make available the amount of ounces and costs to the shareholders based upon the PFS recently completed.

RISK FACTORS

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, including commodity price risk, foreign currency exchange risk and interest rate risk; and
- operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfills its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined.

The Company's risk and control framework is facilitated by the small-sized and hands-on executive team. There have been no changes in the risks, objectives, policies and procedures during 2014 and 2013.

Credit Risk

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third-party to

a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and receivables.

a) Cash and cash equivalents

The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper. Management believes the risk of loss to be minimal.

b) Receivables

When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. Further, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation. The Company generates cash flow primarily from its financing activities. As at June 30, 2014, the Company had cash of $152,227 (June 30, 2013 - $52,449) to settle current liabilities of $3,371,114 (2013 - $1,365,639).

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

The Company has no significant long-term liabilities. All other contractually obligated cash flows are payable within the next fiscal year.

Classification of Financial Instruments

As at June 30, 2014 and 2013, the Company did not have any financial assets or liabilities measured at fair value.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate risk, and commodity prices will affect the Company's income, the value of its Evaluation and Exploration properties or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Commodity price risk

The Company is exposed to price risk with respect to fluctuation in gold and silver prices which impacts the future economic feasibility of its mining interests. Gold and silver prices are affected by numerous factors such as the sale or purchase of gold and silver by various institutions, interest rates, exchange rates, inflations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing counties throughout the world. As the Company is still in the exploration and evaluation stage, the fluctuation of gold and silver prices does not have a significant impact on the Company.

b) Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk with respect to future gold and silver sales, since gold and silver sales are denominated in US dollars and the Company's functional and reporting currency is the Canadian dollar. The movement on US rates related to the Canadian dollar may impact the future economic feasibility of the Company's mining interests. As the Company is still in the exploration and evaluation stage, the fluctuation of the US dollar does not have a significant impact on the Company.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balance is to invest excess cash in financial instruments guaranteed by and held with a Canadian chartered bank.

As at June 30, 2014 and 2013 the Company's exposure to interest rate risk is summarized as follows:

Receivables	Non-interest bearing
Trade and other payables	Non-interest bearing

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

i) The Company receives low interest rates on its cash balances and, as such, the Company does not have significant interest rate risk.
ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign currency risk.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The Company has a small but hands-on and experienced executive team which facilitates communication across the Company. This expertise is supplemented, when necessary, by the use of experienced

consultants in legal, compliance and industry-related specialties. The Company also has standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- development of contingency plans;
- ethical and business standards; and
- risk mitigation, including insurance when this is effective and available.

CAPITAL MANAGEMENT DISCLOSURES

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

The Company considers its capital to be equity, which is comprised of common shares, share based payments reserves and deficit, which as at June 30, 2014 totalled a shareholders' deficiency of $2,730,500 (2013 – $1,344,300).

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

The Company currently has no source of revenues, and therefore is dependent on external financing to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended June 30, 2014 and 2013. The Company is not subject to external imposed capital requirements.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the last three fiscal years.

	Year Ended June 30, 2014	Year Ended June 30, 2013	Year Ended June 30, 2012
Net Sales or Total Revenues	-	-	-
Total Net Loss	($5,510,025)	($2,637,283)	($10,884,182)
Net Loss per share	($0.02)	($0.01)	($0.06)
Total Assets	$640,614	$2,709,939	$7,136,137
Total long-term financial Liabilities	-	-	-
Cash dividends declared per share	N/A	N/A	N/A

RESULTS OF OPERATIONS

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may be different from those estimates.

The following schedule provides the details of the Company's corporate operating expenditures for the years ended June 30, 2014 and 2013.

	2014	2013
Administrative and general expenses	**$ 84,610**	$ 142,355
Consulting fees	**256,270**	500,648
Financing charges	**-**	17,764
Management fees	**213,510**	433,245
Professional fees	**211,448**	268,280
Filing costs and shareholders' information	**234,116**	227,515
Travel	**88,353**	189,533
	$ 1,088,307	$ 1,779,340

The decrease in operating expenses is the result of decreased ativity.

The following schedule provides the details of the company's expenditures, by project, on its exploration and evaluation projects for the years ended June 30, 2014 and 2013.

	June 30, 2014				June 30, 2013			
	Granada	Castle	Beaver	**Total**	Granada	Castle	Beaver	Total
Acquisition costs	$ -	$ -	$ 20,000	**$ 20,000**	$ 34,500	$ 2,210	$ -	$ 36,710
Assaying and testing	14,856	-	-	**14,856**	221,497	7,480	-	228,977
Core analysis	44,901	-	-	**44,901**	15,535	-	-	15,535
Depreciation	26,028	-	-	**26,028**	54,576	-	-	54,576
Drilling	-	-	-	-	(52,581)	-	-	(52,581)
Equipment costs	52,074	138,231	2,500	**192,805**	16,115	17,088	-	33,203
Facility expense	91,793	39,589	-	**131,382**	98,028	93,089	450	191,567
Geology and geophysics	138,983	9,369	1,600	**149,952**	22,560	-	-	22,560
Personnel	157,007	60,088	-	**217,095**	275,985	38,306	3,393	317,684
Project management	1,250,580	144,453	-	**1,395,033**	716,184	110,207	16,936	843,327
Royalty	-	15,000		**15,000**	-	15,000	-	15,000
Security	300	7,349	-	**7,649**	54,106	29,878	-	83,984
Staking	-	-	-	-	-	17,872	-	17,872
Taxes, permits and licensing	37,756	991	621	39,368	41,553	3,047	361	44,961
Mining tax credits	330,387	-	-	330,387	(488,299)	-	-	(488,299)
	$2,144,665	**$415,070**	**$ 24,721**	**$2,584,456**	$1,009,759	$334,177	$21,140	$1,365,076

Summary of Quarterly Results

The following table sets forth selected financial information for each of the most recently completed quarters.

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net (Profit) Loss	2,559,743	713,940	1,565,247	671,096	811,059	(9,920)	638,862	1,197,282
Loss per share	0.005	0.005	0.01	0.005	-	-	-	0.01

LIQUIDITY

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of warrants and stock options. The Company will continue to seek capital through various means including the issuance of capital stock.

The Company is in the exploration stage. These financial statements are prepared in accordance with accounting principles to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the continued support from its directors, the ability to continue to raise the necessary financing to meet its obligations, and to achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The Company has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable junior venture resource companies,

including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

As at June 30, 2014, the Company had not yet achieved profitable operations, has accumulated losses of $60,740,775 (June 30, 2013 - $55,745,800) since its inception, has a working capital deficiency of $2,972,075 (June 30, 2013 – working capital of $1,076,697) and expects to incur further losses in the development of its business.

RELATED PARTY TRANSACTIONS

The Company determined that key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors (executive and non-executive), President and Chief Executive Officer and Chief Financial officer are key management personnel.

All related party transactions are in the normal course of operations and are measured at the exchange amounts.

	June 30, 2014	June 30, 2013
Key management compensation	$ 746,946	$ 733,600
Stock-based compensation	-	-
	$ 746,946	$ 733,600

a) The Company retains the services of a company owned by an officer and director of the Company to carry out exploration work on its resource properties and for management services. During the year ended June 30, 2014, the total amount for such services provided was $451,167 (2013 – $414,064), of which $418,367 (2013 – $212,912) was recorded in exploration expenses and $32,800 (2013 – $201,152) in management fees. As at June 30, 2014, an amount of $nil (2013 – $63,339) was included in trade and other payables, and an amount of $70,000 (2013 – $nil) was included in prepaid expenses.

b) The Company retains the services of two directors and an officer to carry out administrative services. During the year ended June 30, 2014, the total amount for such services provided was of $295,780 (2012 – $319,526) which was recorded in management and consulting fees. As at June 30, 2014, an amount of $1,622 (2013 – $nil) was included in trade and other payables.

c) As part of the October 21, 2013 private placement, a corporation controlled by an officer and director of the Company subscribed for 1,000,000 flow-through units.

d) As part of the January 31, 2014 private placement, a corporation controlled by an officer and director of the Company subscribed for 2,800,000 flow-through units, and two directors of the Company subscribed for 570,000 and 480,000 flow-through units, respectively.

CONTINGENCIES

a) The Company's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether with the outcomes, the impacts or the deadline. At June 30, 2014 and to the best knowledge of its management, the Company is, at the present, in conformity with the laws and regulations. On September 10, 2008, the Company received 40 statements of offence pursuant to the *Environment Quality Act* (Québec) (the "Act") for allegedly failing to comply with certain conditions of its permit for a current project on the Company's Granada property and for non-

respect of the Act. The statements of offence related to the period from October 6, 2006 to November 14, 2007. The prosecution was requiring fines amounting to $72,000 plus the cost of the penal proceeding amounting to $69,498 for a total of $141,498.

On March 15, 2013, the Company settled the case by pleading guilty to 18 of the statements of offence. The remaining 22 statements of offence were withdrawn by the prosecution. The Company agreed to pay the minimum fine on each of the 18 statements as well as fees at the rate established by regulation of the Minister pursuant to section 116.1.1 of the Act relating to the costs of sampling, analysis, inspection and investigation for the penal proceedings instituted for the purposes of the Act. The aggregate amount of $54,380 was charged to the Company for said fines and fees. The Company paid this amount on April 25, 2013.

b) The Company is partly financed by the issuance of flow-through shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian exploration expenditures, even if the Company has taken all the necessary measures for this purpose. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work no later than the first of the following dates:

i) Two years following the flow-through investment;
ii) One year after the Company has renounced the tax deductions relating to the exploration work.

During the year ended June 30, 2014, the Company received $1,730,639 (2013 – $2,934,660) from flow-through share issuances. According to the tax rules, the Company has until December 31, 2014 to spend this amount on qualified exploration expenditures.

The Company has indemnified the subscribers of current and previous flow-through offerings against any tax related amounts that become payable by shareholders in the event the Company does not meet its expenditure commitment. In relations to renunciation shortfalls from fiscal years 2006 to 2008, the Company has accrued $367,478 for Part XII.6 taxes and penalties on the $1,759,590 shortfall. In addition, $1,045,718 has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors. The Company had reviewed the reassessment proposed by the CRA, and had filed objections on certain of the claims. In relations to renunciation shortfall from fiscal year 2012, the Company has accrued $108,316 for Part XII.6 taxes and penalties on the $2,063,686 shortfall. In addition, $350,000 has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors.

c) On March 15, 2012, Genivar Inc. instituted a lawsuit against the Company in the Quebec Superior Court, claiming approximately $785,000 in unpaid fees. The action relates to work which Genivar performed for Gold Bullion, primarily with respect to its Granada gold property in northwestern Quebec.

Gold Bullion will vigorously defend the action and has instituted a counter-claim against Genivar, under which Gold Bullion has claimed damages from Genivar, due to the poor quality of the work performed by it and the costs incurred by Gold Bullion to have portions of the work done a second time.

The claim and counter-claim are presently in their infancy in that examinations began to take place on May 23, 2013. As the outcome of these procedures cannot be reasonably determined, no amounts have been recorded in these consolidated financial statements.

COMMITMENTS

Consulting service agreements

The Company has consulting service agreements with related parties (certain officers and directors):

i) Effective January 1, 2007, and amended December 1, 2010 and May 16, 2013, the Company entered into a management agreement with Grupo Moje Limited ("Grupo"), a company owned by a director and officer of the Company. The fee for management services was $25,000 per month for the services of Mr. Frank Basa and $11,666.67 per month for the services of Ms. Elaine Basa.

   Effective January 1,2014 this agreement was further amended to reflect that Grupo would provide the management services of Frank Basa in consideration for nominal annual fee of $1.00 and that Mineral Recovery Management Systems Corp., a company controlled by Frank Basa and Elaine Basa, would provide project management, engineering and geological services to the Company in consideration of $25,000 per month for the services of Frank Basa and to $11,666.67 per month for the services of Elaine Basa.

ii) Effective July 1, 2010 and amended January 1, 2012, the Company entered into a consulting agreement with a director and officer of the Company. The fee for consulting services was $9,500 per month. Either party may terminate this engagement by giving four months' notice to the other, subject to certain provisions of the agreement. This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to the consultant of $114,000. Effective July 1, 2013 this agreement was amended to change the fee for consulting services to approximately $60 per hour.

iii) Effective December 1, 2010 and amended October 1, 2011, the Company entered into an agreement with a director of the Company. The fee for consulting services was $8,000 per month. Either party may terminate this engagement by giving four months' notice to the other subject to certain provisions of the agreement. The agreements also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make payments to the consultant in the amount of $96,000. Effective July 1, 2013 this agreement was amended to change the fee for consulting services to $50 per hour.

iv) Effective March 1, 2011 and amended February 1, 2012, the Company entered into a consulting agreement with an officer of the Company. The fee for consulting services is USD $8,000 per month. Either party may terminate this engagement by giving four months' notice to the other subject to certain provisions of the agreement. This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to the consultant of USD $96,000.

Consulting service agreement with non-related party:

v) Effective December 1, 2010 and amended January 1, 2012, the Company entered into an agreement with a consultant of the Company. The fee for consulting services is $8,000 per month. Either party may terminate this engagement by giving four months' notice to the other subject to certain provisions of the agreement. The agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make payments to the consultant in the amounts of $96,000.

vi) The Company is committed to pay an annual royalty payment in amount of $15,000 to Milner Consolidated.

vii) The Company has entered into a Memorandum of Understanding (MOU) with a First Nation community in connection with certain exploration and evaluation programs in their area in return for contributions towards education and environmental activities and the improvement of community facilities. Also, the Company will pay 2% of all costs of the exploration program incurred to date and thereafter to the First Nation community. As at June 30, 2014, the Company has prepaid $6,000 (2013 – $14,000) of this amount.

In addition, the Company issued 50,000 common shares and 50,000 warrants to the First Nation community. The fair value of these warrants estimated on the date of the issuance using the Black-Scholes option pricing model was $1,650.

The MOU also includes terms outlining environmental protection, employment, training and business opportunities, and mitigation of impacts on the traditional pursuits of the members of the First Nation community.

viii) As the triggering event disclosed in Note 14 (i), (ii), (iii), (iv) and (v) of the audited consolidated financial statement for the year ended June 30, 2014 has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions based on currently available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the year. Actual results may differ from these estimates.

It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

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. The accompanying financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

Management has made a number of significant estimates and valuation assumptions based on present conditions and management's planned course of action as well as assumptions about future business and economic conditions which include, but are not limited to, the following:

Income taxes

Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future 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 deferred tax assets and liabilities recorded at the yearend date 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.

Decommissioning and restoration costs

Decommissioning and restoration costs will be incurred by the Company at the end of the operating life of certain of the Company's assets. The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. In determining the amount of the provision, assumptions and estimates are required in relation to discount rates. As a result, there could be significant adjustments to the provisions established which would affect future financial results. In the Company's judgment, the most appropriate discount rate to use is one that reflects current market assessments and the risks specific to the liability.

Share-based payments

The Company uses the fair value method of valuing compensation expense associated with the Company's stock option plan. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, expected forfeitures and distribution yield. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Premium on Flow-through shares

At the time of issue, the Company estimates the proportion of proceeds attributed to the flow-through share, the common share and the warrant with reference to closing market prices and such techniques as the Black-Scholes option-pricing model. The Flow-through Premium is estimated as the excess of the subscription price over the market value of the share and is recorded in trade and other payables on the statement of financial position.

CHANGES IN ACCOUNTING STANDARDS

The Company has adopted the following new standards, along with any consequential amendments, effective July 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognized financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011 and will replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect returns. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value

measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

IAS 27 - Separate Financial Statements ("IAS 27") was amended during 2011 and replaces IAS 27 Consolidated and Separate Financial Statements. IAS 27 has been reissued to reflect the change of including the consolidation guidance in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after July 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

OUTSTANDING SHARE DATA

The Company's authorized capital is an unlimited number of common shares without par value. As at the date of this report there were 282,650,591 shares issued and outstanding. The Company had 31,597,446 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share until January 31, 2017. Stock options outstanding total 22,805,000 and are exercisable for common shares at $0.05 to $0.65 per share until January 4, 2022.

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