

GOLD BULLION DEVELOPMENT CORP.

Condensed Interim Consolidated Financial Statements

March 31, 2015

Unaudited

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NOTICE TO READERS

The accompanying unaudited interim financial statements of Gold Bullion Development Corp. have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that its independent auditor has not performed a review of these condensed unaudited interim financial statements.

Signed 'Frank J. Basa'

Frank J. Basa, President

Signed "Thomas P. Devlin"

Thomas P. Devlin, Chief Financial Officer

GOLD BULLION DEVELOPMENT CORP.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	March 31, 2015 (unaudited)	June 30, 2014 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 351,287	\$ 152,227
Receivables (Note 5)	126,149	154,813
Prepaid expenses	127,766	91,999
Total current assets	605,202	399,039
Deposit - long-term (Note 6)	171,800	171,800
Property, plant and equipment (Note 8)	55,704	69,775
Total Assets	\$ 832,706	\$ 640,614
Liabilities		
Current liabilities		
Trade and other payables and provisions (Note 9)	3,299,004	3,371,114
Total Liabilities	3,299,004	3,371,114
Shareholders' Equity		
Share capital (Note 10)	53,257,594	51,785,760
Reserves (Note 11)	7,143,729	6,224,515
Deficit	\$ (62,867,621)	(60,740,775)
Total Shareholders' Equity (Deficiency)	(2,466,298)	(2,730,500)
Total Liabilities and Shareholders' Equity (Deficiency)	\$ 832,706	\$ 640,614

Nature of operations and going concern (Note 1)
Contingencies (Note 13)
Commitments (Note 14)
Subsequent events (Note 17)

APPROVED ON BEHALF OF THE BOARD

Signed "Frank Basa" _____, Director

Signed "Roger Thomas" _____, Director

GOLD BULLION DEVELOPMENT CORP.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars) (unaudited)

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
Expenses				
Exploration and evaluation (Note 7)				
Acquisition	\$ -	-	\$ -	10,000
Assaying and testing	9,988	10,854	48,177	12,999
Core analysis	-	1,422	-	44,901
Depreciation	4,690	6,507	14,071	19,521
Drilling	3,502	-	17,054	-
Equipment	52,280	(495)	183,412	192,528
Facility expenses	30,794	20,131	70,105	97,754
Geology, geophysics and surveys	35,000	140,000	105,000	219,952
Personnel costs	36,463	23,481	77,410	195,069
Program management and engineering	330,311	210,112	898,086	834,595
Royalty	-	-	15,000	15,000
Security	94	-	394	7,649
Taxes, permits and licensing	18,077	31,592	40,480	42,603
	521,199	443,604	1,469,189	1,692,571
Corporate				
Administrative and general expenses	14,138	20,005	84,687	66,078
Consulting fees	125,838	65,968	231,053	204,681
Management fees	58,796	55,804	170,837	158,025
Professional fees	46,161	46,751	158,294	133,982
Filing costs and shareholders' information	109,730	59,226	212,621	177,942
Travel	35,416	34,056	112,744	59,117
	390,079	281,810	970,236	799,825
Other items				
Interest and other income	(30)	\$ -	(102)	\$ (10,475)
Quebec tax credits	(51,733)	297,549	(107,402)	297,549
Premium on flow through shares	-	(332,573)	-	(332,573)
Finders fees	-	15,000	15,000	15,000
Stock-based compensation	29,025	8,550	320,650	25,650
Flow-thru shortfall tax interest and penalties	-	-	-	196,950
Potential shareholder claims	-	-	-	350,000
Tax assessments	-	-	34,300	-
First nation costs	1,300	-	4,900	-
	(21,438)	(11,474)	267,346	542,101
Total expenses	889,840	713,940	2,706,771	3,034,497
Net loss and comprehensive loss for the period	\$ (889,840)	\$ (713,940)	\$ (2,706,771)	\$ (3,034,497)
Net loss per share - basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding basic and fully diluted	284,392,113	252,376,944	270,993,493	239,948,282

See accompanying notes to the consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.

Interim Condensed Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars) (unaudited)

	Share Capital	Reserves	Deficit	Total Equity (Deficiency)
Balance June 30, 2013	\$ 50,442,351	\$ 6,647,749	\$ (55,745,800)	\$ 1,344,300
Issued for expenses	2,000	1,650	-	3,650
Issued by private placement	1,495,369	251,440	-	1,746,809
Premium on flow-through shares	(332,573)	-	-	(332,573)
Share issue costs	(112,271)	(14,900)	-	(92,171)
Options vested	-	25,650	-	17,100
Warrants expired	180,024	(180,024)	-	-
Options expired	-	(513,100)	513,100	-
Net loss for the nine months ended Mar. 31, 2014	-	-	(3,034,497)	(3,034,497)
Balance March 31, 2014	51,674,900	6,218,465	(58,267,197)	(373,832)
Issued by private placement	-	-	-	-
Premium on flow-through shares	134,713	-	-	134,713
Share issue costs	-	-	-	-
Options vested	-	8,000	-	8,000
Options expired	-	(1,950)	1,950	-
Tax impact on expiry of warrants	(23,853)	-	-	(23,853)
Net loss for the three months ended June 30, 2014	-	-	(2,475,528)	(2,475,528)
Balance June 30, 2014	\$ 51,785,760	\$ 6,224,515	\$ (60,740,775)	\$ (2,730,500)
Issued by private placement	1,643,312	1,264,527	-	2,907,839
Share issue costs	(171,478)	(86,038)	-	(257,516)
Options vested	-	320,650	-	320,650
Options expired	-	(579,925)	579,925	-
Net loss for the nine months ended Mar 31, 2015	-	-	\$ (2,706,771)	(2,706,771)
Balance March 31, 2015	\$ 53,257,594	\$ 7,143,729	\$ (62,867,621)	\$ (2,466,298)

See accompanying notes to the consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars) (unaudited)

For the nine months ended March 31,	2015	2014
Cash Flows From		
Operating activities		
Net loss and comprehensive loss for the year	\$ (2,706,771)	\$ (3,034,497)
Items not involving cash		
Depreciation	14,071	19,521
Expenses paid with equity	-	3,650
Stock-based compensation	320,650	25,650
Flow-thru shortfall tax interest and penalties	-	196,950
Potential shareholder claims	-	350,000
Changes in non-cash working capital items		
Receivables	28,664	1,833,533
Prepaid expenses	(35,767)	4,649
Trade and other payables	(72,110)	(735,266)
	<u>(2,451,263)</u>	<u>(1,335,810)</u>
Financing activities		
Issue of common shares and warrants	2,650,323	1,619,638
	<u>2,650,323</u>	<u>1,619,638</u>
(Decrease) in cash and cash equivalents during the period	199,060	283,828
Cash and cash equivalents, beginning of period	152,227	52,449
Cash and cash equivalents, end of period	\$ 351,287	\$ 336,277

See accompanying notes to the consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

1. Nature of Operations and Going Concern

Gold Bullion Development Corp. (“Gold Bullion” or the “Company”) is domiciled in Canada and was incorporated on July 17, 1985 under the Company Act of British Columbia. The Company is a publicly-traded company with its shares listed on TSX Venture Exchange, the Frankfurt Stock Exchange, and the US over-the-counter (“OTC”) market. The principal business of the Company is the acquisition, exploration and development of mineral property interests. The Company’s head office is located at 2875 Avenue Granada, Rouyn-Noranda, Quebec, J9Y 1J1.

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on May 27, 2015.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral deposits that are economically recoverable. The Company will periodically have to obtain additional funds to continue its exploration activities, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continuing existence is dependent upon the discovery of economically recoverable reserves and resources, the preservation of its interest in the underlying properties, the ability of the Company to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and the achievement of profitable operations. The Company’s assets may also be subject to increases in royalties and taxes, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, and renegotiation of contracts.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed inappropriate. Such adjustments could be material.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

1. Nature of Operations and Going Concern (cont'd)

As at March 31, 2015, the Company had not yet achieved profitable operations, has accumulated losses of \$63,251,021 (June 30, 2014 - \$60,740,775) since its inception, has a working capital deficiency of \$2,693,802 (June 30, 2014 – \$2,972,075) and expects to incur further losses in the development of its business.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing accumulated operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Management believes that unless additional funding is obtained there may be material uncertainty as to the Company's ability to continue as a going concern.

2. Basis of Preparation

(a) Statement of Compliance

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"), which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, as required by National Instrument 52-107 sec. 3.2(1)(b)(ii).

(b) Basis of Presentation

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the nine months. Actual results may ultimately differ from these estimates.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The Company does not have any foreign operations.

3. Significant accounting policies

The accounting policies set out in the Company's audited financial statements for the year ended June 30, 2014 have been applied consistently to these interim condensed consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

4. Significant Judgements, Estimates and Assumptions

The significant judgements, estimates and assumptions set out in the Company's audited financial statements for the year ended June 30, 2014 have been applied consistently to these interim condensed consolidated financial statements.

5. Receivables

	March 31, 2015	June 30, 2014
Commodity taxes	\$ 114,402	\$ 98,168
Tax credits receivable	11,747	56,645
	<u>\$ 126,149</u>	<u>\$ 154,813</u>

The Company is entitled to a refundable tax credit of up to 35% on qualified mining exploration expenditures net of flow-through renunciations incurred in the Province of Quebec and a refund of mining duties at an effective rate of up to 8% (2014 – 8%) on qualified Canadian exploration expenditures net of flow-through renunciations and the refundable tax credit. These refunds are applied against the expenses and included in tax credits receivable.

6. Deposit – Long-term

As at March 31, 2015 and June 30, 2014, the Company has a non-interest bearing cash deposit of \$171,800 with the Quebec government as a guarantee for the restoration of the Granada mine site. The Company had no material decommissioning obligations as at March 31, 2015 and June 30, 2014.

7. Exploration and Evaluation Projects

The Company has determined that as at March 31, 2015 the following projects have not met the technical feasibility and commercial viability criteria to be capitalized and classified in mining properties. Accordingly the Company has expensed all exploration and evaluation expenditures in the nine months. As of March 31, 2015 and June 30, 2014, the Company did not hold any assets classified as mining properties.

Granada Property, Quebec, Canada

The Company holds a 100% interest to certain mining leases and claims. The mining leases are subject to a 2% GMR, ½ of which may be purchased for \$1,000,000 and a 1% NSR and 23 of the original 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.

Castle Property, Ontario, Canada

The Company, through its wholly-owned subsidiary, Castle, holds a 100% interest to certain claims and parcels located in the Haultain and Nicol townships of Ontario. The property is subject to a sliding scale royalty on silver production which will start from 3% when the price of silver is US\$15 or lower per troy ounce and up to 5% when the price of silver is greater than US\$30 per troy ounce and a 5% gross overriding royalty 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.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

7. Exploration and Evaluation Projects (cont'd)

Castle Property, Ontario, Canada (cont'd)

Effective July 1, 2012 the Company agreed to pay all exploration expenses on the Castle Property for a period of three years in return for Castle agreeing to create, sell, grant and deliver to Gold Bullion a 1% (one percent) NSR Royalty upon Gold Bullion having expended \$1,000,000. As at March 31, 2015 the Company has expended \$986,516 on Castle exploration.

Beaver Property, Ontario, Canada

The Company holds a 7-year option with Jubilee Gold Exploration Ltd. ("Jubilee") to acquire a 100% interest to an area 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. On January 31, 2012, the Company entered into a consent to assignment and amendment of option agreement with Jubilee pursuant to which Jubilee consents to the assignment by Grupo Moje Limited ("Grupo"), which is owned by an officer and director of the Company, to the Company of all of the rights, obligations and liabilities of Grupo under the Option Agreement, signed on May 10, 2011, to the complete exoneration of Grupo; and agrees that the completion of the foregoing assignment by the following terms:

- i) Pay to Jubilee the sum of \$10,000 upon execution of this Agreement; and
- ii) Incur exploration expenditures aggregating \$100,000 on the property over a period of seven years as follows: \$20,000 in each year on or before May 10, 2012, 2013 and 2014, and \$10,000 in each of the further additional four years on or before May 10, 2018.
- iii) Pay to Jubilee, as prepayment of the Net Smelter Royalty the following amounts, commencing July 1, 2012 and continuing for a period of five years or until the property is put into commercial production, whichever is earlier:

<u>Date of payment</u>	<u>Amount</u>
July 1, 2012	\$10,000 (Paid)
July 1, 2013	\$10,000 (Paid)
July 1, 2014	\$10,000 (Paid)
July 1, 2015	\$15,000
July 1, 2016	\$15,000

GOLD BULLION DEVELOPMENT CORP.
Notes to the Interim Condensed Consolidated Financial Statements
March 31, 2015
(Expressed in Canadian Dollars) (Unaudited)

8. Property, Plant and Equipment

March 31, 2015					
	Balance June 30, 2014	Additions (Disposals) (Write-down)	Balance March 31, 2015	Accumulated Amortization	Net
Equipment	21,703	-	21,703	3,255	18,448
Vehicles	48,072	-	48,072	10,815	37,257
	<u>69,775</u>	<u>-</u>	<u>69,775</u>	<u>14,071</u>	<u>55,704</u>

June 30, 2014					
	Balance June 30, 2013	Additions (Disposals) (Write-down)	Balance June 30, 2014	Accumulated Amortization	Net
Equipment	\$27,129	-	\$27,129	\$ 5,426	\$21,703
Vehicles	68,674	-	68,674	20,602	48,072
	<u>\$95,803</u>	<u>-</u>	<u>\$95,803</u>	<u>\$26,028</u>	<u>\$69,775</u>

9. Trade and Other Payables and Provisions

	March 31, 2015	June 30, 2014
Trade payable	\$1,392,645	\$1,497,980
Due to related party	34,847	1,622
Part XII.6 taxes and interest ⁽¹⁾	367,478	367,478
Flow-through indemnification provision ⁽¹⁾	1,045,718	1,045,718
Part XII.6 taxes and interest ⁽²⁾	108,316	108,316
Flow-through indemnification provision ⁽²⁾	350,000	350,000
	<u>3,299,004</u>	<u>\$3,371,114</u>

(1) The Company had been reassessed for a renunciation shortfall of \$1,759,590 on unspent flow-through expenditures for fiscal years 2006 to 2008. As a result, the Company has accrued \$367,478 for Part XII.6 taxes and penalties on the shortfall. In addition, the Company has accrued \$1,045,718 for potential indemnity for shareholders. The Company has reviewed the reassessment and has filed objections on certain of the CRA's claims.

(2) The Company has estimated potential Part XII.6 taxes and indemnity in relations to unspent flow-through expenditures on flow-through issuance in fiscal year 2012. The Company has accrued \$108,316 for Part XII.6 taxes and penalties on the shortfall. In addition, the Company has accrued \$350,000 for potential indemnity for shareholders.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

10. Share Capital

Authorized

Issued

	Number of Shares	Amount
Balance, beginning of year	257,606,874	\$ 51,785,760
Private placements	51,283,717	2,835,551
Share issue costs	-	(171,478)
Value of warrants issued	-	(1,192,239)
Balance, end of period	308,890,591	\$ 53,257,594

On September 4, 2014, the Company closed a non-brokered private placement financing by the issuance of 18,091,019 flow-through units ("FT Units") at a purchase price of \$0.065 per FT Unit, and 6,952,698 non-flow-through units ("NFT Units") at a purchase price of \$0.05 per NFT Unit, for gross proceeds of \$1,523,551.

Each FT 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 September 6, 2016, at a purchase price of \$0.10 per share.

Each NFT Unit consists of one non-flow-through common share in the capital of the Company and one 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 September 6, 2016, at a purchase price of \$0.10 per share.

In connection with the private placement, the Company paid finders' fees consisting of \$64,828 in cash.

On December 23, 2014, the Company closed a non-brokered private placement financing by the issuance of 19,140,000 flow-through units ("FT Units") at a purchase price of \$0.05 per FT Unit for gross proceeds of \$957,000. Each FT 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 December 23, 2016, 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 the issuance of 1,440,000 non-transferable finder's warrants with each finders warrants being exercisable to acquire one non-flow-through common share in the capital of the Company on or before December 23, 2016, at a purchase price of \$0.10 per share.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

10. Share Capital (cont'd)

On December 30, 2014, the Company closed a non-brokered private placement financing by the issuance of 7,100,000 flow-through units ("FT Units") at a purchase price of \$0.05 per FT Unit for gross proceeds of \$355,000. Each FT 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 December 30, 2016, at a purchase price of \$0.10 per share.

In connection with the private placement, the Company paid finders' fees consisting of \$28,400 in cash and the issuance of 568,000 non-transferable finder's warrants with each finders warrants being exercisable to acquire one non-flow-through common share in the capital of the Company on or before December 30, 2016, at a purchase price of \$0.10 per share.

11. Reserves

Warrants

	Number of Warrants	Value
Balance, beginning of year	15,599,238	\$ 238,190
Issued by private placements	29,118,208	1,192,239
Issue costs related to warrants	-	(86,038)
Issued as compensation	2,008,000	72,288
Balance, end of period	46,725,446	\$ 1,416,679

The Company records the fair value of warrants issued. The fair value is determined using the Black-Scholes option pricing model. The following weighted average assumptions were used for the Black-Scholes option pricing model:

Risk-free interest rate	1.25%
Expected volatility	133%-136%
Expected dividend yield	0.00
Expected life (years)	2.0
Estimated fair value at grant date	0.036-0.045

GOLD BULLION DEVELOPMENT CORP.
Notes to the Interim Condensed Consolidated Financial Statements
March 31, 2015
(Expressed in Canadian Dollars) (Unaudited)

11. Reserves (cont'd)

A summary of the Company's outstanding warrants as at March 31, 2015 is presented below. Each warrant entitles the holder to purchase one common share:

Number of Warrants	Exercise Price	Expiry Date
50,000	0.100	August 19, 2018
6,928,600	0.100	April 21, 2015
514,288	0.100	April 21, 2015
7,606,350	0.100	January 31, 2017
500,000	0.100	January 31, 2017
9,045,510	0.100	September 6, 2016
6,952,698	0.100	September 6, 2016
9,570,000	0.100	December 23, 2016
1,440,000	0.100	December 23, 2016
3,550,000	0.100	December 30, 2016
568,000	0.100	December 30, 2016
46,725,446	0.100	

Options

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years from the date of grant. All options are subject to a four month holding period from the date of grant if granted to insiders or at a price lower than the market price.. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company which may be reserved for the issuance shall be 10% of the issued and outstanding shares at the time of the option grant.

- a) On July 23, 2014, the Company granted 5,800,000 stock options to directors, officers, employees and consultants of the Company, at an exercise price of \$0.05 per share. Other than 300,000 options which will vest in stages over 12 months, the options vested immediately on the date of grant. The options are exercisable for a term of five years.
- b) On August 5, 2014, the Company granted 300,000 stock options to a consultant of the Company, at an exercise price of \$0.05 per share. The options vested immediately on the date of grant, and are exercisable for a term of five years
- c) On September 4, 2014, the Company granted 550,000 stock options to marketing and investor relations consultants of the Company, at an exercise price of \$0.10 per share. The options will vest in accordance with the provisions therein and the policies of the TSX Venture Exchange, which require that options granted to a consultant providing investor relations services must vest in stages over twelve months with no more than one-quarter of the options vesting in any three month period. These options are exercisable for a period of 12 months.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

11. Reserves (cont'd)

- d) On January 19, 2015, the Company granted 600,000 stock to a consultant of the Company, at an exercise price of \$0.05 per share. The options vested immediately on the date of grant, and were exercisable for a term of two years. The consultant's agreement was terminated effective March 31, 2015 and therefore under the terms of the Company's option plan these options will expire on June 29, 2015.

A summary of the Company's outstanding stock options issued to directors, officers, employees and key consultants as at March 31, 2015 is presented below. Each option entitles the holder to purchase one common share:

Number of Options	Options Vested	Exercise Price	Expiry Date
50,000	50,000	0.20	April 7, 2015
400,000	400,000	0.29	April 25, 2015
5,230,000	5,230,000	0.46	June 21, 2015
200,000	200,000	0.47	September 22, 2015
900,000	900,000	0.48	October 6, 2015
1,200,000	1,200,000	0.65	January 5, 2016
250,000	250,000	0.35	March 25, 2016
300,000	300,000	0.35	July 14, 2016
3,650,000	3,650,000	0.13	January 4, 2022
200,000	200,000	0.15	March 9, 2017
150,000	150,000	0.10	March 11, 2018
600,000	600,000	0.10	March 11, 2018
600,000	600,000	0.10	June 12, 2018
500,000	500,000	0.05	June 6, 2016
4,900,000	4,900,000	0.05	July 23, 2019
300,000	150,000	0.05	July 23, 2019
300,000	300,000	0.05	August 5, 2019
550,000	275,000	0.10	September 4, 2015
600,000	600,000	0.05	June 29, 2015
<u>20,880,000</u>	<u>20,455,000</u>	<u>0.24</u>	

The Company records the fair value of stock-based compensation on the granting of stock options over the period in which they vest. The fair value is determined using the Black-Scholes option pricing model.

For the nine months ended March 31, 2015, the Company recorded stock-based compensation expense of \$320,650 (June 30, 2014 - \$95,650). The following weighted average assumptions were used for the Black-Scholes option pricing model:

Risk-free interest rate	1.25%
Expected volatility	114% to 151%
Expected dividend yield	0.00
Expected life (years)	1 to 5 years
Estimated fair value at grant date	0.036 to 0.049

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

12. 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.

	<u>March 31, 2015</u>	<u>June 30, 2014</u>
Key management compensation	\$ 537,030	746,946
Stock-based compensation	169,050	-
	<u>\$ 706,080</u>	<u>\$ 746,946</u>

- 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 another company for management services. During the nine months ended March 31, 2015, the total amount for such services provided was \$330,000 (June 30, 2014 – \$451,167), of which \$330,000 (June 30, 2014 – \$418,367) was recorded in exploration expenses and \$NIL (June 30, 2014 - \$32,800) in management fees.
- b) The Company retains the services of two directors and an officer to carry out administrative services. During the nine months ended March 31, 2015, the total amount for such services provided was of \$207,030 (June 30, 2014 – \$295,780) which was recorded in management and consulting fees.
- c) 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.
- d) As part of the September 4, 2014 private placement, a director of the Company subscribed for 438,461 flow-through units and as part of the December 23, 2014 private placement, a director of the Company subscribed for 1,140,000 flow-through units.

13. 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. As at March 31, 2015 and to the best knowledge of its management, the Company is, at the present, in conformity with the laws and regulations.
- 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.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

13. Contingencies (cont'd)

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 nine months ended March 31, 2015, the Company received \$2,487,916 (2014 – \$1,730,639) from flow-through share issuances. According to the tax rules, the Company has until December 31, 2015 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 \$765,495 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.

As the outcome of these procedures cannot be reasonably determined, no amounts have been recorded in these consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

14. Commitments

(a) 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, May 16, 2013 and March 1, 2015, the Company entered into a management agreement with Grupo Moje Limited ("Grupo"), a company owned by a director and officer of the Company to provide management services of Frank Basa in consideration for a nominal annual fee of \$1. 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 Grupo equal to 480 ounces of gold with the dollar amounts to be calculated based on the price of gold on the date of termination of the agreement.
- ii) Effective January 1, 2014, the Company entered into a management agreement with Mineral Recovery Management Systems Corp. ("MRMSC"), a company controlled by Frank Basa and Elaine Basa, to provide project management, engineering and geological services to the Company in consideration of \$25,000 per month for the services of Frank Basa and \$11,666.67 per month for the services of Elaine Basa.
- iii) Effective July 1, 2010 and amended January 1, 2012, and March 1, 2015, 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 \$228,000.
- iv) Effective December 1, 2010 and amended October 1, 2011 and March 1, 2015, 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 a payment to the consultant in the amount of \$192,000.
- v) Effective March 1, 2011 and amended February 1, 2012 and March 1, 2015, 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 \$192,000.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

14. Commitments (cont'd)

(a) Consulting service agreements (cont'd)

Consulting service agreement with non-related parties:

- vi) Effective December 1, 2010 and amended January 1, 2012 and March 11, 2015, 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 a payment to the consultant in the amount of \$192,000.
- vii) The Company is committed to pay an annual royalty payment in the amount of \$15,000 to Jubilee Gold Exploration Ltd.
- viii) The Company has entered into a Memorandum of Understanding ("MOU") with the Mattagami 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 March 31, 2015, the Company has prepaid \$1,100 (June 30, 2014 – \$6,000) 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 Mattagami First Nation community.

- ix) The Company has entered into a Memorandum of Understanding ("MOU") with the Tamiskaming First Nation (TFN) community regarding Gold Bullion's Granada Gold Project near Rouyn-Noranda, Quebec.

This agreement solidifies the confidential and ongoing information sharing between the two parties with the aim of maintaining an open, friendly and co-operative working relationship while Granada advances to the next level on both the production and exploration fronts.

- x) As the triggering event disclosed in Note 14 i), ii), iii), iv) and v) has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

15. 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 as set out in the Company's June 30, 2014 audited financial statements during the nine months ended March 31, 2015.

16. 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, reserves and deficit, which as at March 31, 2015 totalled a shareholders' deficiency of 2,466,298 (June 30, 2014 – \$2,730,500).

GOLD BULLION DEVELOPMENT CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2015

(Expressed in Canadian Dollars) (Unaudited)

16. Capital Management Disclosures (cont'd)

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 significant 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 nine months ended March 31, 2015 and June 30, 2014. The Company is not subject to externally imposed capital requirements.

17. Subsequent Events

- a) On May 14, 2015, the Company granted 400,000 stock to a consultant of the Company, at an exercise price of \$0.05 per share. The options vested immediately on the date of grant, and are exercisable for a term of five years.
- b) On May 4, 2015, the Company entered into an Investor Relations Agreement to engage the services of Stirling Merchant Capita Inc. (Stirling) to provide investor relations and marketing services to the Company. In consideration for services provided the Company has agreed to pay Stirling \$5,000 per month and to grant to Stirling 300,000 stock options at an exercise price of \$0.05 per share. The options were granted on May 21, 2015 and will vest in accordance with the provisions therein and the policies of the TSX Venture Exchange, which require that options granted to a consultant providing investor relations services must vest in stages over twelve months with no more than one-quarter of the options vesting in any three month period. These options are exercisable for a period of 12 months.
- c) On April 13, 2015 the Company entered into a Share Purchase Agreement with Castle Silver and Takara Resources Inc. (Takara), which agreement was amended on May 4, 2015. Under the terms of the agreement Takara has agreed to purchase 100% of the issued and outstanding shares of Castle, subject to approval by the TSX Venture Exchange in return for an aggregate of 10,000,000 units in the capital of Takara over a period of four years, at a deemed price of \$0.05 per unit, each unit consisting of one common share and one transferable share purchase warrant in the capital of Takara. Each warrant entitles the holder to purchase one common share in the capital of Takara exercisable at \$0.10 per share for a period of one year from the date of issuance of the units. The Company proposes, subject to regulatory and TSX Venture Exchange approval, to distribute the units to shareholders of Gold Bullion.