GOLD BULLION DEVELOPMENT CORP.

Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

Managements Responsibility for Financial Reporting

The financial statements and other information in management's discussion and analysis were prepared by the management of Gold Bullion Development Corp., reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors.

Management is responsible for preparation of the financial statements and believes that they fairly represent the Company's financial position and the results of its operations in accordance with Canadian Generally Accepted Accounting Principles. Management has included amounts in the Company's financial statements based on estimates, judgments and policies that it believes reasonable in the circumstances.

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Bullion Development Corp.

We have audited the accompanying consolidated financial statements of Gold Bullion Development Corp. and its subsidiary, which comprise the consolidated statements of financial position as at June 30, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gold Bullion Development Corp. and its subsidiary as at June 30, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Gold Bullion Development Corp. had continuing losses during the year ended June 30, 2016 and a working capital deficiency and shareholders' deficiency as at June 30, 2016. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties which cast significant doubt about Gold Bullion Development Corp's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
October 26, 2016

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

As at June 30,	2016	2015
Assets		
Current assets		
Cash	$ 1,057,610	$ 35,157
Receivables	158,200	135,141
Prepaid expenses	1,000	26,000
Assets held for sale (Note 5)	-	25,690
Total current assets	1,216,810	221,988
Deposit - long-term (Note 6)	171,800	171,800
Takara units receivable (Note 5)	366,607	-
Property, plant and equipment (Note 8)	37,445	51,013
Total Assets	1,792,662	444,801
Liabilities		
Current liabilities		
Trade and other payables and provisions (Note 10, 13)	3,999,072	3,637,718
Secured loans payable (Note 9)	907,756	-
Liabilities of assets held for sale (Note 5)	-	114,200
Total Current Liabilities	4,906,828	3,751,918
Total Liabilities	4,906,828	3,751,918
Shareholders' Equity (Deficiency)		
Share capital (Note 11)	55,476,399	53,586,835
Reserves (Note 12)	3,237,782	3,337,947
Deficit	(61,828,347)	(60,231,899)
Total Shareholders' Equity (Deficiency)	(3,114,166)	(3,307,117)
Total Liabilities and Shareholders' Equity (Deficiency)	$ 1,792,662	$ 444,801

Nature of operations and going concern (Note 1)
Contingencies (Note 14)
Commitments (Note 15)
Subsequent events (Note 19)

APPROVED ON BEHALF OF THE BOARD

Signed "Frank Basa" ,Director

Signed "Roger Thomas" ,Director

See accompanying notes to the consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended June 30,	2016	2015
Expenses		
Exploration and evaluation (Note 7)		
Acquisition	$ 60,000	$ 15,000
Assaying and testing	33,534	50,951
Consulting fees	48,315	
Core analysis	14,240	-
Depreciation	13,568	18,762
Drilling	12,392	17,054
Equipment Rental	176,101	194,512
Facility expenses	101,325	84,414
Geology, geophysics and surveys	140,467	141,220
Personnel costs	130,875	101,130
Program management and engineering	522,756	1,101,473
Security	539	394
Taxes, permits and licensing	34,008	39,309
Mining tax (credits) / repayments	718,542	(107,402)
	2,006,662	1,656,817
Corporate		
Administrative and general expenses	100,669	86,014
Consulting fees	351,481	356,413
Management fees	245,623	230,560
Professional fees	247,482	236,149
Filing costs and shareholders' information	151,116	285,218
Travel	68,490	128,344
	1,164,861	1,322,698
Other items		
Premium on flow through shares	-	(420,729)
Interest and other income	(146)	(139)
Gain on debt settlement	(558,737)	-
Gain on sale of properties	(75,000)	-
Prior years GST appeal recovery	(254,756)	-
Stock-based compensation (Note 12)	571,925	338,475
Part XII.6 penalty and interest (Note 10)	147,676	23,790
Flow-through indemniication provision (Note 10)	669,981	52,286
Unrealized Gain/Loss on Marketable Securities	(86,286)	-
Realized Gain/Loss on Marketable Securities	(54,918)	-
Income tax re-asessed	-	26,855
	359,739	20,538
Net loss for the year before income taxes	3,531,262	3,000,053
Deferred income tax recovery	-	(10,787)
Net loss from continuing operations for the year	$ 3,531,262	$ 2,989,266
Discounted operations		
(Gain) loss on discontinued operations (Note 5)	(467,272)	144,623
Net loss and comprehensive loss for the year	$ 3,063,990	$ 3,133,889
Loss per share - basic and diluted - continuing operations	$ 0.01	$ 0.01
Loss per share - basic and diluted - discontinued operations	$ 0.00	$ 0.00
Net loss per share - basic and diluted	$ 0.01	$ 0.01
Weighted average number of shares outstanding		
basic and diluted	320,098,164	291,573,261

See accompanying notes to the consolidated financial statements.

GOLD BULLION DEVELOPMENT CORP.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Reserves	Deficit	Total Equity (Deficiency)
Balance June 30, 2014	$ 51,785,760	$ 6,224,515	$ (60,740,775)	$ (2,730,500)
Private placement	2,322,656	585,183	-	2,907,839
Premium on flow-through shares	(420,729)	-	-	(420,729)
Share issue costs	(171,478)	(86,038)	-	(257,516)
Options granted and vested	-	338,475	-	338,475
Options expired	-	(3,642,775)	3,642,775	-
Warrants expired	81,413	(81,413)	-	-
Tax impact on expiry of warrants	(10,787)	-	-	(10,787)
Net loss for the year ended June 30, 2015	-	-	(3,133,899)	(3,133,899)
Balance June 30, 2015	$ 53,586,835	$ 3,337,947	$ (60,231,899)	$ (3,307,117)
Private placements	1,768,078	1,007,337	-	2,775,415
Exercise of options -cash	40,000	-	-	40,000
Exercise of options - book value	22,700	(22,700)	-	-
Exercise of warrants - cash	146,785	-	-	146,785
Exercise of warrants - book value	24,041	(24,041)	-	-
Share issue costs	(112,040)	(16,786)	-	(128,826)
Options granted and vested	-	571,925	-	571,925
Options expired	-	(1,615,900)	1,615,900	-
Dividend distribution	-	-	(148,358)	(148,358)
Net loss for the year ended June 30, 2016	-	-	(3,063,990)	(3,063,990)
Balance June 30, 2016	$ 55,476,399	$ 3,237,782	$ (61,828,347)	$ (3,114,166)

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

For the years ended June 30,	2016	2015
Cash (used in) provided by:		
Operating activities		
Net loss from continuing operations	**$ (3,531,262)**	$ (2,989,266)
Items not involving cash		
Depreciation	**13,568**	18,762
Stock-based compensation	**571,925**	338,475
Premium on flow through shares	**-**	(420,729)
Deferred income tax recovery	**-**	(10,787)
Part XII.6 penalty and interest (Note 10)	**147,676**	23,790
Flow-through indemnification provision (Note 10)	**669,981**	52,286
Unrealized (Gain)/Loss on Marketable Securities	**(86,286)**	-
Realized (Gain)/Loss on Marketable Securities	**(54,918)**	-
Gain on debt settlement	**(558,737)**	
Changes in non-cash working capital items		
Receivables	**(23,059)**	19,672
Prepaid expenses	**25,000**	65,999
Trade and other payables and provisions	**310,192**	190,528
Net cash flows (used in) operating activities	**(2,515,920)**	(2,711,270)
Financing activities		
Issuance of common shares and warrants by private placement	**2,754,138**	2,835,551
Share issue costs	**(107,550)**	(185,228)
Exercise of warrants	**146,785**	-
Exercise of options	**40,000**	-
Secured loans	**700,000**	-
Net cash flows generated from financing activities	**3,533,373**	2,650,323
Net cash flows (used in) discontinued operations (Note 5)	**5,000**	(56,123)
Change in cash during the year	**1,022,453**	(117,070)
Cash, beginning of year	**35,157**	152,227
Cash, end of year	**$ 1,057,610**	$ 35,157
Supplemental cash flow information:		
Marketable Securities distributed as dividends	**$ 148,358**	**$ -**
Equipment rental through secured loan	**167,844**	**-**
Interest on secured loans	**39,912**	**-**

See accompanying notes to the consolidated financial statements.

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 (“TSXV”), 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 October 26, 2016.

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.

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, social licensing requirements, 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 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.

As at June 30, 2016, the Company had not yet achieved profitable operations, has accumulated losses of $61,828,347 (June 30, 2015 - $60,231,899) since its inception, has a working capital deficiency of $3,690,018 (June 30, 2015 – working capital deficiency of $3,529,930) and expects to incur further losses in the development of its business.

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

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 a significant risk of material uncertainty as to the Company's ability to continue as a going concern.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in these consolidated financial statements are presented in Note 3 and are based on IFRS applicable as at June 30, 2016.

(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 year. Actual results may ultimately differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 4.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian dollars. Transaction in currencies other than the functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses are presented in the consolidated statement of loss. The Company does not have any foreign operations.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Basis of Consolidation

These consolidated financial statements incorporate the accounts of Gold Bullion Development Corp. and its subsidiary, Castle Silver Mines Inc. (“Castle”) until the sale of Castle on September 15, 2015.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are-deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

All intercompany transactions, balances, and income and expenses are eliminated upon consolidation.

(b) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company’s functional currency are recognized in the consolidated statement of loss.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances with original maturities of three months or less from the date of acquisition, or are available upon demand. The Company did not have any cash equivalents as at June 30, 2016 and June 30, 2015.

(d) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities, including derivative financial instruments, are initially measured at fair value. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification: financial instruments at fair value through profit or loss (“FVTPL”), loans and receivables or other financial liabilities. Derivative financial instruments, including embedded derivative financial instruments that are not closely related to the host contract, are classified as financial assets or financial liabilities at FVTPL unless they are designated within an effective hedging relationship.

3. Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial assets classified at FVTPL are carried in the consolidated statements of financial position at fair value with changes being recognized in income in the consolidated statement of loss.

The Company's financial instruments consist of the following:

Cash equivalents and Takara units receivable are classified as FVTPL. Gains and losses realized on disposal and unrealized gains and losses from changes in fair value are recognized in income as they occur and reflected in the consolidated statement of loss.

Receivables and cash are classified under "loans and receivables". Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. After their initial measurement at fair value, they are carried at amortized cost using the effective interest rate method, which generally corresponds to their cost due to their short-term maturity.

Trade and other payables, and accrued liabilities are classified under "other financial liabilities". Other financial liabilities are financial liabilities that are not classified as FVTPL. After their initial measurement at fair value, they are carried at amortized cost, using the effective interest rate method. It generally corresponds to their cost due to their relative short-term maturity.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other industry standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

3. Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the financial assets. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of loss.

An impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, including mineral property rights, mine properties under development, mineral property assets and property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(e) Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses.

On initial recognition, property, plant, and equipment are valued at cost, being the purchase price and directly attributable cost required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including

3. Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment (cont'd)

appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, buildings and equipment.

Amortization is recognized in profit or loss on a declining balance basis at the following annual rates:

Equipment	20%
Vehicles	30%

An asset's amortization methods, useful lives and residual values are reviewed on an annual basis and adjusted, if appropriate.

(f) Exploration and Evaluation Expenditures

Exploration and Evaluation ("E&E") expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and include costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

E&E expenditures, including costs of acquiring licenses, are expensed as Exploration and Evaluation Expenses on an "area of interest basis" which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proved to exist and, in most cases, comprises of a single mine or deposit.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, additional E&E expenditures will be charged to mining properties. Currently, the Company does not hold any assets classified as mining properties.

(g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost and is based on the discount rates that reflect current market assessments and the risks specific to the liability.

3. Significant Accounting Policies (cont'd)

(g) Provisions (cont'd)

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(h) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable in respect of previous years.

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date.

(i) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has financed a portion of its exploration and evaluation activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Common shares issued on a flow-through basis typically include a premium because of the tax benefits associated therewith ("Flow-through Premium"). Flow-through shares may also be issued with a warrant feature.

3. Significant Accounting Policies (cont'd)

(i) Share Capital (cont'd)

At the time of issue, the Company estimates the proportion of proceeds attributable to the Flow-through Premium, 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 as a deferred liability on the consolidated statement of financial position. When the expenditures are renounced, the deferred liability is reversed and this amount is recognized in the consolidated statement of loss.
The proceeds attributable to the warrants are also treated as equity and recorded in share-based payments reserve on the consolidated statements of financial position until exercise, when the associated proportion is transferred to share capital along with the cash proceeds received on exercise. The value attributed to expired warrants is transferred to share capital.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are measured at the fair value of the properties, goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(j) Share Issuance Costs

Share issuance costs are applied to reduce the proceeds of share capital issued in the year they are incurred.

(k) Share-Based Compensation

The Company uses the fair value method of valuing its equity settled share-based compensation plans. Under this method, compensation cost attributable to share-based plans are measured at their fair value on the grant date and expensed in the statement of loss over the vesting period with a corresponding credit to share based payment reserve. The fair value of stock-based compensation is determined using the Black-Scholes option pricing model. When options are exercised the associated proportion is transferred to share capital along with the cash proceeds received on exercise. The value attributed to expired options is transferred to deficit.

Equity settled share-based compensation with non-employees are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the services.

3. Significant Accounting Policies (cont'd)

(l) Valuation of Equity Units in Private Placements

The Company uses the fair value method to value any warrants and broker warrants issued in private placements. The fair value assigned to share purchase warrants is recorded as a reduction to share capital and an increase to share-based payments reserves. The fair value assigned to broker warrants is recorded as share issue costs and an increase to share-based payments reserve. The fair value of each warrant is estimated on the date of the grant using the Black-Scholes warrant-pricing model. Warrant pricing models require the input of highly subjective assumptions, including the expected price volatility and changes in these assumptions can materially affect the fair value estimate. When warrants are exercised the associated proportion is transferred to share capital along with the cash proceeds received on exercise. The value attributed to expired warrants is transferred to share capital.

(m) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effect of all dilutive warrants and options outstanding that may add to the total number of common shares.

As at June 30, 2016 and 2015, all outstanding warrants and options are anti-dilutive because the Company was in a net loss position. As a result, all options and warrants are excluded from the calculation of diluted loss per share.

(n) Decommissioning Liabilities

The Company recognizes a decommissioning liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. Decommissioning liabilities are recognized as incurred. Decommissioning liabilities are discounted using a rate reflecting risks specific to the liability, and the unwinding of the discount is included in accretion of decommissioning liability in the consolidated statement of loss. At the time of establishing the liability, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The liabilities are reviewed on a regular basis for changes in cost estimates, discount rates and operating lives.

In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration or decommissioning in respect of land restoration, and the related expense, is recognized when there is a legal obligation to restore the site. The Company presently has no significant decommissioning liabilities or provisions as at June 30, 2016 and 2015.

3. Significant Accounting Policies (cont'd)

(o) Assets Held For Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (pr disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sales is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(p) Discontinued Operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-resented as if the operation had been discontinued from the start of the comparative year.

(q) Changes in Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, effective July 1, 2015. These changes were made in accordance with the applicable transitional provisions. The adoption of these standards had no material impact on the consolidated financial statements.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

(r) New Accounting Standards and Interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after July 1, 2015 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.

3. Significant Accounting Policies (cont'd)

(r) New Accounting Standards and Interpretations (cont'd)

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

IFRS 9 – Financial Instruments (cont'd)
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. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

4. Significant Judgements, Estimates and Assumptions

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. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimates. By their very nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of future periods could be material.

In the process of applying the Company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the consolidated financial statements:

Income taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

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.

(Expressed in Canadian Dollars)

4. Significant Judgements, Estimates and Assumptions (cont'd)

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 consolidated statements of financial position. When the eligible expenditures are incurred, the Flow-Through Premium is reversed into the statement of loss within other income (expenses) when the eligible expenditures are incurred.

5. Assets Held For Sale and Liabilities of Assets Held for Sale

As at June 30, 2015, the Company had committed to a plan to sell Castle and had therefore presented all related assets and liabilities as held for sale. In April 2015, the Company entered into a share purchase agreement with Takara Resources Inc. ("Takara"), an arms'-length, publicly traded company, whereby Takara agreed to acquire all of the issued and outstanding common shares of Castle, the Company's wholly-owned subsidiary (the "Transaction").

In consideration, Takara will issue an aggregate of 10,000,000 units, in four equal instalments of 2,500,000 units per year over a three-year period, with the first issuance occurring on closing (received). Each unit consists of one common share and one common share purchase warrant, each exercisable at $0.10 for a one-year period. The Company received TSXV approval and closed the Transaction on September 16, 2015. The fair value of the 7,500,000 units receivable by the Company as at June 30, 2016 was estimated to be $366,607 based on the trading price of the common shares and a Black Scholes valuation performed on the warrants as of that date using the following weighted average assumptions: expected life – one year; volatility 250%; expected dividend rate – 0%; and risk free interest rate – 0.5%.

The following table summarizes the assets and liabilities related to Castle:

	June 30, 2015
Assets	
Cash	$ 13,462
Receivables	12,228
	$ 25,690
Liabilities	
Trade and Other Payables	$ 114,200

(Expressed in Canadian Dollars)

5. Assets Held For Sale and Liabilities of Assets Held for Sale (cont'd)

As a result of the Transaction, the Company recognized net (gain)/loss from discontinued operations of $(467,272) for the year ended June 30, 2016 (2015 - $144,633).

The net cash flows (used in) discontinued operations for the year ended June 30, 2016 was $5,000 (2015 - $(56,123). The breakdown of the net cash flows (used in) discontinued operations for the years ended June 30, 2016 and 2015 is as follows:

	June 30, 2016	June 30, 2015
Net cash flows (used in) operating activities	$ 5,000	$ (56,123)
Net cash flows (used in) financing activities	-	-
Net cash flows (used in) investing activities	-	-
Net cash flows (used in) discontinued operations	$ 5,000	$ (56,123)

6. Deposit – Long-term

As at June 30, 2016 and 2015, 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 has estimated that it has no material decommissioning obligations as at June 30, 2016 and 2015.

7. Exploration and Evaluation Projects

The Company has determined that as at June 30, 2016 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 year. As of June 30, 2016 and 2015, the Company did not hold any assets classified as mining properties.

<u>Granada Property, Quebec, Canada</u>

The Company holds a 100% interest to certain mining leases and claims. The mining leases are subject to a 2% Gross Metal Royalty ("GMR"), ½ of which may be purchased for $1,000,000 and a 1% Net smelter royalty (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.

7. Exploration and Evaluation Projects (cont'd)

Castle Property, Ontario, Canada

The Company previously owned, through it's wholly owned subsidiary, Castle, a 100% interest to certain claims. On September 15, 2015, the Company sold its wholly-owned subsidiary, Castle, to Takara. See note 5.

Effective June 30, 2015, the Company, earned a 1% NSR on the Castle Silver Mines property in return for the expenditure of $1,000,000 in exploration expenses made on the Castle property.

On June 30, 2016, the Company entered into a Letter of Intent ("LOI:) with Takara Resources Inc. to advance the "Castle Golden Corridor Zone" discovered through surface sampling at Takara's 3,300 hectare Castle Silver Mine Property 75 km southwest of Kirkland Lake.

Under the terms of the LOI, Takara will transfer a 50% interest in 5 contiguous mineral claims on the property covering 91 hectares (the "Castle Golden Corridor Zone) in lieu of $60,000 in property payments owed to Gold Bullion pursuant to an Assignment Agreement between the two companies dated October 8, 2015, concerning the Beaver and Violet cobalt-silver properties.

Beaver Property, Ontario, Canada

The Company held an 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 October 8, 2015, the Company, entered into an Assignment Agreement with Takara, granting Takara the right to acquire a 100% interest in the Beaver and Violet cobalt and silver properties located in the township of Coleman, in northern Ontario. Pursuant to the Agreement, Takara will pay the Company an aggregate of $75,000, consisting of $15,000 (received) payable within ten days upon execution of the Agreement. The remaining $60,000 under this agreement was offset against the $60,000 Gold Bullion owed to Takara as part of the LOI dated June 30, 2016.

(Expressed in Canadian Dollars)

8. Property, Plant and Equipment

	June 30, 2016				
	Balance June 30, 2015	Additions (Disposals) (Write-down)	Balance June 30, 2016	Accumulated Amortization	Net
Equipment	$17,363	$ -	$17,363	$3,473	$13,890
Vehicles	33,650	-	33,650	10,095	23,555
	$51,013	$ -	$51,013	$13,568	$37,445

	June 30, 2015				
	Balance June 30, 2014	Additions (Disposals) (Write-down)	Balance June 30, 2015	Accumulated Amortization	Net
Equipment	$21,703	$ -	$21,703	$4,340	$17,363
Vehicles	48,072	-	48,072	14,422	33,650
	$69,775	$ -	$69,775	$18,762	$51,013

9. Secured Loans Payable

On August 4, 2015, the Company entered into two loan agreements and a Supply and Services agreement for proceeds totaling $800,000.

The first loan agreement is with an existing shareholder. A demand loan for proceeds of $200,000 over a three-year term at an interest rate of 8% calculated monthly and payable annually. The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US $800 per ounce. The lender also has the option to participate in future financings but is not obliged to do so. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The second loan is from a company owned by a director of the Company and comprises a $100,000 demand loan also with a three-year term at an interest rate of 8% calculated monthly and payable annually. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The third agreement is a Supply and Services non-interest bearing loan for $500,000 over the upcoming 12 months from a company owned by a director of the Company. The lender has the option to obtain loan principal repayments including interest as applicable, in gold valued at US $800 per ounce if the company reaches commercial production. The Supply and Services loan is to be used for specific projects on the property that will advance the Company forward. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

(Expressed in Canadian Dollars)

9. Secured Loans Payable

On November 11, 2015 and January 8, 2016, the Company entered into a second and third loan agreement with an existing shareholder for a demand loan for proceeds of $200,000 over a three-year term at an interest rate of 8% calculated monthly and payable annually. The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US $800 per ounce. The lender also has the option to participate in future financings but is not obliged to do so. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The Granada Gold property is registered as security against these loans. As a triggering event has not taken place, no value has been attributed to the derivative relating to the right of the lenders to demand repayment in gold valued at US $800 per ounce.

10. Trade and Other Payables and Provisions

	June 30, 2016	June 30, 2015
Trade payable	$ 1,100,950	$ 1,550,300
Due to related parties	132,877	139,830
Part XII.6 taxes and interest (i)	405,145	385,852
Flow-through indemnification provision (i)	1,152,905	1,098,004
Part XII.6 taxes and interest (ii)	119,418	113,732
Flow-through indemnification provision (ii)	367,500	350,000
Part XII.6 taxes and interest (iii)	122,697	-
Flow-through indemnification provision (iii)	597,580	-
	$ 3,999,072	$ 3,637,718

(i) The Company had been reassessed for a renunciation shortfall of $1,759,590 on unspent flow-through expenditures for fiscal years 2006 to 2008. During the year ended June 30, 2016, the Company had accrued $19,293 (2015 - $23,790) for Part XII.6 taxes, interest and penalties on the shortfall. As at June 30, 2016, the Company has accrued $1,152,905 (2015 - $1,098,004) for potential indemnity for shareholders. The Company has reviewed the reassessment and has filed objections on certain of the CRA's claims.

(ii) The Company has estimated potential Part XII.6 taxes and indemnity in relation to unspent flow-through expenditures on flow-through issuance in fiscal year 2012. During the year ended June 30, 2016, the Company had accrued interest of $5,686 (2015 – 52,286). As at June 30, 2016, the Company has accrued $119,418 (2015 - $113,732) for Part XII.6 taxes, interest and penalties on the shortfall. In addition, the Company has accrued $367,500 for potential indemnity for shareholders.

(Expressed in Canadian Dollars)

10. Trade and Other Payables and Provisions (cont'd)

(iii) The Company has estimated potential Part XII.6 taxes, interest and indemnity in relations to unspent flow-through expenditures on flow-through issuance in fiscal year 2013. The Company has accrued $122,697 for Part XII.6 taxes and penalties on the shortfall. In addition, the Company has accrued $597,580 for potential indemnity for shareholders.

11. Share Capital

Authorized

Unlimited number of common shares without par value

Issued

	2016		2015	
	Number of Shares	**Amount**	Number of Shares	Amount
Balance, beginning of year	**308,890,591**	**$53,586,835**	257,606,874	$ 51,785,760
Private placements	**45,042,743**	**2,754,138**	**51,283,717**	**2,835,551**
Premium on flow-through shares	**-**	**-**	**-**	**(420,729)**
Exercise of Options -cash	**800,000**	**40,000**	**-**	**-**
Exercise of Options - book value	**-**	**22,700**	**-**	**-**
Exercise of warrants - cash	**14,678,510**	**146,785**	**-**	**-**
Exercise of warrants - book value	**-**	**24,041**	**-**	**-**
Share issue costs		**(112,040)**	-	**(171,478)**
Value of warrants issued	**-**	**(986,060)**	**-**	**(512,895)**
Warrants expired	**-**	**-**	**-**	**81,413**
Tax impact on warrants expired	**-**	**-**	**-**	**(10,787)**
Balance, end of year	**369,411,844**	**$55,476,399**	308,890,591	$53,586,835

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

Each FT unit consists of one FT 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 non-flow-through unit consists of one non-flow-through common share in the capital of the Company and one 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.

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

11. Share Capital (cont'd)

In December 2014, the Company closed a non-brokered private placement financing by the issuance of 26,240,000 FT units at a purchase price of $0.05 per unit for gross proceeds of $1,312,000. Each unit consists of one FT 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 or 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 $100,400 in cash and the issuance of 2,008,000 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 or December 30, 2016, at a purchase price of $0.10 per share.

On March 8, 2016, the Company closed a private placement offering raising gross proceeds of $830,000. The Company issued 16,600,000 units at a price of $0.05 per unit. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $0.10 per share, for a period of two years,

On March 23, 2016, the Company closed a private placement offering raising gross proceeds of $920,138. The Company issued 18,402,743 units at a price of $0.05 per unit. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $0.10 per share, for a period of two years,

On May 16, 2016, the Company closed a private placement offering raising gross proceeds of $804,000. The Company issued 8,040,000 FT units at a price of $0.10 per unit. Each FT unit is comprised of one common share and one half of one share purchase warrant with each whole warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $0.15 per share, for a period of two years from closing.

Finder's fees were paid in connection with the private placement in the amount of $62,800 in cash and the issuance of 628,000 broker warrant, on the same terms as the purchasers warrants. A settlement fee was also paid to the finder in connection with the private placement in the amount of $21,000.

On June 28, 2016, the Company closed a private placement offering raising gross proceeds of $200,000. The Company issued 2,000,000 FT units at a price of $0.10 per unit. Each FT unit is comprised of one common share and one half of one share purchase warrant with each whole warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $0.15 per share, for a period of two years from closing.

Finder's fees were paid in connection with the private placement in the amount of $16,000 in cash and the issuance of 160,000 broker warrant, on the same terms as the purchasers warrants.

(Expressed in Canadian Dollars)

12. Reserves - Warrants

The Company records the estimated fair value of warrants issued on the grant date. 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:

	2016	2015
Risk-free interest rate	0.75%-0.50%	1.02%-1.12%
Expected volatility	184%-188%	133%-136%
Expected dividend yield	0.00	0.00
Expected life (years)	2.0	2.0
Estimated fair value at grant date	$0.015 to $0.02	$0.015 to $0.02

	Number of Options	Weighted Average Exercise Price	Value of Options	Number of Warrants	Weighted Average Exercise Price	Value of Warrants	Total Value
Balance, June 30, 2014	17,455,000	$ 0.30	$ 5,986,325	15,599,238	$ 0.10	$ 238,191	$ 6,224,516
Granted	7,950,000	0.06	338,475	31,126,208	0.08	499,145	837,620
Expired	(10,105,000)	0.15	(3,642,775)	(7,442,888)	0.08	(81,414)	(3,724,189)
Vesting	-	-	-	-	-	-	-
Balance, June 30, 2015	15,300,000	$ 0.17	$ 2,682,025	39,282,558	$ 0.10	$ 655,922	$ 3,337,947
Granted	8,500,000	0.07	560,300	40,810,743	0.08	990,551	1,550,851
Exercised	(800,000)	0.05	(22,700)	(1,467,851)	0.10	(24,041)	(46,741)
Expired	(3,400,000)	0.06	(1,615,900)	-	-	-	(1,615,900)
Vesting	-	-	11,625	-	-	-	11,625
Balance, June 30, 2016	19,600,000	$ 0.08	$ 1,630,500	78,625,450	$ 0.10	$ 1,622,432	$ 3,237,782

(Expressed in Canadian Dollars)

12. Reserves – Warrants (cont'd)

A summary of the Company's outstanding warrants as at June 30, 2016 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
7,606,350	0.100	January 31, 2017
500,000	0.100	January 31, 2017
8,391,279	0.100	September 6, 2016
6,139,078	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
16,600,000	0.100	March 3, 2018
18,402,743	0.100	March 17, 2018
4,020,000	0.150	May 16, 2018
628,000	0.140	May 16, 2018
1,000,000	0.150	June 28, 2018
160,000	0.150	June 28, 2018
78,625,450	$ 0.104	

Reserves - *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 at the price lower than the market price; options granted at market prices are not subject to the hold period. 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.

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.

	2016	2015
Risk-free interest rate	0.75%-0.50	1.25%
Expected volatility	148% to 149%	114% to 151%
Expected dividend yield	0.00	0.00
Expected life (years)	1 to 5 years	1 to 5 years
Estimated fair value at grant date	$0.01 to $0.049	$0.01 to $0.049

(Expressed in Canadian Dollars)

12. Reserves - *Options (cont'd)*

A summary of the Company's outstanding stock options issued to directors, officers, employees and key consultants as at June 30, 2016 is presented below. Each option entitles the holder to purchase one common share:

Number of Options	Options Vested	Exercise Price	Expiry Date
300,000	300,000	$ 0.350	July 14, 2016
3,650,000	3,650,000	0.130	January 4, 2022
200,000	200,000	0.150	March 8, 2017
150,000	150,000	0.100	March 11, 2018
600,000	600,000	0.100	March 11, 2018
600,000	600,000	0.100	June 12, 2018
4,900,000	4,900,000	0.050	June 23, 2019
300,000	300,000	0.050	August 5, 2019
400,000	400,000	0.050	May 14, 2020
4,900,000	4,900,000	0.050	February 12, 2021
600,000	600,000	0.100	May 9, 2021
300,000	300,000	0.080	June 23, 2021
800,000	800,000	0.100	June 23, 2021
500,000	500,000	0.100	June 23, 2021
19,600,000	19,600,000	$ 0.083	

13. 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 company. The Board of Directors (executive and non-executive), President and Chief Executive Officer and Chief Financial officer are key management personnel.

The remuneration to key management personnel during the years ended June 30, 2016 and 2015 is as follows:

	June 30, 2016	June 30, 2015
Key management compensation	$ 806,622	$ 766,753
Stock-based compensation	252,300	139,650
	$1,058,922	$ 906,403

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, 2016, the total amount for such services provided was $440,001 (2015 – $440,001) of which $440,000 (2015 – $440,000) was recorded in exploration expenses and $1 (2015 - $1) in management fees. As at June 30, 2016, an amount of $2 (2015 - $60,266) was included in trade and other payables, and an amount of $nil (2015 - $nil) was included in prepaid expenses. The amount included in trade and other payables is unsecured, non interest-bearing, and generally due by 30 days.

13. Related Party Transactions (cont'd)

b) The Company retains the services of two directors and two officers to carry out administrative services. During the year ended June 30, 2016, the total amount for such services provided was $426,621 (2015 – $326,753) which was recorded in management and consulting fees. As at June 30, 2016 an amount of $97,290 (2015 - $69,286) was included in trade and other payables. The amount is unsecured, non interest-bearing, generally due by 30 days. See note 9.

c) As part of the March 8, 2016 private placement, a corporation controlled by an officer and director of the Company subscribed for 3,087,400 non-flow-through units, and one director of the Company subscribed for 2,000,000 non-flow-through units. See note 11.

d) As part of the March 23, 2016 private placement, a corporation controlled by an officer and director of the Company subscribed for 1,000,000 non-flow-through units, and one former director of the Company subscribed for 882,743 units. See note 11.

e) As part of the May 16, 2016 private placement, a director of the Company subscribed for 190,000 flow-through units. See note 11.

f) 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 2014 private placement, a director of the Company subscribed for 1,140,000 flow-through units. See note 11.

g) Receivables include $62,811 due from Takara, and Trade and other payables and provisions includes $35,585 due from Castle Silver Mines, a wholly owned subsidiary of Takara Resources. Takara has officers and directors in common with the Company.

14. 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 June 30, 2016 and to the best knowledge of its management, the Company is, 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.

   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.

14. Contingencies (cont'd)

b) During the year ended June 30, 2016, the Company received $1,004,000 (2015 – $350,000) from flow-through share issuances. According to the tax rules, the Company has until December 31, 2017 to spend this amount on qualified exploration expenditures. As at June 30, 2016, the Company had an unspent amount of $904,000.

c) 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. As at June 30, 2016, in relations to renunciation shortfalls from fiscal years 2006 to 2008, the Company has accrued $405,145 (2015 – $385,852) for Part XII.6 taxes and penalties on the $1,759,590 shortfall. In addition, $1,152,905 (2015 - $1,098,004) has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors. The Company reviewed the reassessment proposed by the CRA, and filed objections on certain of the claims. The CRA denied these objections. In relation to renunciation shortfall from fiscal year 2012, the Company has accrued $119,418 (2015 – $113,732) for Part XII.6 taxes and penalties on the $765,495 shortfall. In addition, $367,000 (2015 – 350,000) has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors. In relation to a renunciation shortfall from fiscal year 2014, the Company has accrued $122,697 for Part XII.6 taxes and penalties on the $1,064,850 shortfall. In addition, $597,580 has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors.

d) On March 15, 2012, Genivar Inc. ("Genivar") 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 instituted a counter-claim against Genivar, under which Gold Bullion has claimed damages from Genivar, claiming poor quality of the work performed by Genivar and the costs incurred by Gold Bullion to have portions of the work redone.

As at June 30, 2015, the Company had accrued an amount of $815,772 as part of the trade and other payables balance. During the year ended June 30, 2016, Gold Bullion and Genivar entered into a settlement agreement for $265,000, releasing all claims by all parties. A gain on debt settlement of $550,772 was recognized.

15. Commitments

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.

15. Commitments (cont'd)

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. As a triggering event has not taken place, the contingent payment has not been reflected in these consolidated financial statements.

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. Either party may terminate this agreement by giving a four months' notice to the other, subject to certain provisions of the agreement.

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. As a triggering event has not taken place, the contingent payment has not been reflected in these consolidated financial statements.

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 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. As a triggering event has not taken place, the contingent payment has not been reflected in these consolidated financial statements.

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. As a triggering event has not taken place, the contingent payment has not been reflected in these consolidated financial statements.

16. 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;
- 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 2016,

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.

16. Financial Risk Management (cont'd)

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 receivables 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, 2016, the Company had cash of $1,057,610 (June 30, 2015 - $35,157) to settle current liabilities of $4,906,828 (2015 - $3,751,918).

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, 2016, the Company's financial assets measured at fair value, consisting of Takara units receivable are classified as level 2 in the fair value hierarchy.

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.

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 carries debt with fixed interest rates. 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.

17. 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 June 30, 2016 totalled a shareholders' deficiency of $3,114,116 (June 30, 2015 – $3,307,117).

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 years ended June 30, 2016 and 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of June 30, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

(Expressed in Canadian Dollars)

18. Income Taxes

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the combined federal and provincial statutory income tax rate of 26.9% (2015 – 26.9%) were as follows:

	Year Ended June 30, 2016 $	Year Ended June 30, 2015 $
(Loss) from continuing operations before income taxes	(3,531,262)	(3,000,053)
Combined statutory income tax rate	26.9%	26.9%
Expected income tax recovery based on statutory rate	(950,000)	(807,000)
Adjustment to expected income tax benefit:		
Stock-based compensation	154,000	91,000
Flow-through renunciation	205,000	392,000
Non-deductible expenses and other	78,000	144,000
Investment tax credits	-	(18,000)
Changes in benefit of tax assets not recognized	513,000	198,000
Deferred income tax provision (recovery)	-	-

b) Deferred income tax

Deferred tax assets have not been recognized in respect of the following temporary differences as it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

	Year Ended June 30, 2016 $	Year Ended June 30, 2015 $
Non-capital loss carry-forwards	17,407,000	15,950,000
Exploration and evaluation	17,834,000	17,740,000
Share issuance costs	367,000	481,000
Investment tax credits	917,000	917,000
Property, plant and equipment	905,000	905,000
Eligible capital expenditures	1,588,000	1,086,000
Tax benefits not recognized	39,032,000	37,079,000

(Expressed in Canadian Dollars)

18. Income Taxes (cont'd)

c) Tax loss carry-forwards

As at June 30, 2016, the Company had estimated non-capital losses in Canadian income tax purposes of approximately $17,407,000 (2014 - $15,950,000) available to use against future taxable income. The non-capital losses expire between 2026 and 2035.

Expiry	Total $
2026	204,000
2027	924,000
2028	658,000
2029	584,000
2030	1,329,000
2031	4,561,000
2032	2,450,000
2033	2,970,000
2034	391,000
2035	1,881,000
2036	1,457,000
	17,407,000

As at June 30, 2016, the Company had approximately $4,548,000 (2015 – $4,454,000), $12,845,000 (2015 – $12,845,000), $264,000 (2015 – $264,000) and $177,000 (2015 – $177,000) of Canadian development expenditures, Canadian exploration expenditures, foreign resource expenditures and depletion credit, respectively, which, under certain circumstances, may be utilized to reduce taxable income of future years.

In addition, the Company also had approximately $987,000 (2054 – $987,000) of pre-production mining expenditures, which under certain circumstances, may be used to reduce tax payable in future years.

19. Subsequent Events

On July 6, 2016, the Company closed a private placement offering raising gross proceeds of $230,181 by way of combined flow-through and non flow-through units.

The Company issued 1,500,000 flow-through ("FT") units at a price of $0.10 per unit. Each FT unit is comprised of one common share and one half of one share purchase warrant with each whole warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $0.15 per share, for a period of two years from closing.

The Company also issued 1,002,262 non flow-through ("NFT") units at a price of $0.08 per unit. Each NFT unit is comprised of one common share and one share purchase warrant with each whole warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $0.13 per share, for a period of two years from closing, subject to the acceptance of the TSXV. Finder's fees were paid in connection with the private placement in the amount of $10,000 in cash and the issuance of 105,000 broker warrants, on the same terms as the purchaser warrants.

On September 21, 2016 the Company issued 717,952 common shares to settle trade payables for$71,795.

Subsequent to the year-end 3,007,577 warrants were exercised for gross proceeds of $300,757.

On September 6, 2016 11,522,780 warrants expired unexercised, each warrant had an exercise price of $0.18.