GOLD BULLION DEVELOPMENT CORP.

Condensed Interim Consolidated Financial Statements

September 30, 2013

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)

	September 30, 2013 Unaudited	June30, 2013 Audited
Assets		
Current		
Cash and cash equivalents	**$ 357,706**	$ 52,449
Receivables (Note 5)	**674,457**	1,989,244
Prepaid expenses	**387,038**	400,643
	1,419,201	2,442,336
Deposit - long-term (Note 6)	**171,800**	171,800
Property, plant and equipment (Note 8)	**89,296**	95,803
Total Assets	**1,680,297**	2,709,939
Liabilities		
Current		
Trade and other payables (Note 9)	**994,893**	1,365,639
Total Liabilities	**994,893**	1,365,639
Shareholders' Equity		
Share capital (Note 10)	**50,444,351**	50,442,351
Share-based payments reserve (Note 11)	**6,202,499**	6,647,749
Deficit	**(55,961,446)**	(55,745,800)
Total Shareholders' Equity	**685,404**	1,344,300
Total Liabilities and Shareholders' Equity	**$ 1,680,297**	$ 2,709,939

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"

Signed "Roger Thomas"

See accompanying notes to the consolidated financial statements.

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

For the three months ended September 30,	2013	2012
Expenses		
Exploration and evaluation (Note 7)		
Acquisition	**$ 10,000**	$ 2,210
Assaying and testing	**-**	224,178
Core analysis	**25,859**	-
Depreciation	**6,507**	13,644
Drilling	**-**	49,018
Equipment	**42,859**	26,546
Facility expenses	**39,433**	33,011
Geology, geophysics and surveys	**41,685**	4,502
Personnel costs	**78,033**	147,295
Program management and engineering	**166,199**	176,835
Security	**1,340**	49,299
Taxes, permits and licensing	**1,880**	14,934
	413,795	741,472
Corporate		
Administrative and general expenses	**21,417**	37,928
Consulting fees	**91,433**	144,761
Financing charges	**-**	17,763
Management fees	**68,026**	110,616
Professional fees	**14,110**	43,976
Filing costs and shareholders' information	**50,221**	38,535
Travel	**13,715**	50,826
	258,922	444,405
Other items		
Interest and other income	**(10,171)**	(1,285)
Stock-based compensation	**8,550**	12,700
	(1,621)	11,415
Net loss and comprehensive loss for the period	**671,096**	1,197,292
Net loss per share - basic and diluted	**$ 0.00**	$ 0.01
Weighted average number of shares outstanding basic and diluted	**228,496,974**	186,069,696

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	Share-Based Payments Reserve	Deficit	Total Equity
Balance June 30, 2012	$ 46,935,108	$ 8,238,587	$ (53,154,117)	$ 2,019,578
Options vested	-	12,700	-	12,700
Warrants expired	1,201,992	(1,201,992)		-
Net loss for the three months ended Sept. 30, 2012	-	-	(1,197,292)	(1,197,292)
Balance September 30, 2012	$ 48,137,100	$ 7,049,295	$ (54,351,409)	$ 834,986
Issued for property	34,500	-	-	34,500
Issued by private placement	2,781,750	180,024	-	2,961,774
Premium on flow-through shares	(695,815)	-	-	(695,815)
Share issue costs	(290,425)	-	-	(290,425)
Options vested	-	11,400	-	11,400
Warrants exercised	116,813	(18,000)	-	98,813
Options granted	-	71,550	-	71,550
Warrants expired	600,920	(600,920)	-	-
Options expired	-	(45,600)	45,600	-
Tax impact on expiry of warrants	(242,492)	-	-	(242,492)
Net loss for the nine months ended June 30, 2013	-	-	$ (1,439,991)	(1,439,991)
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
Options vested	-	8,550	-	8,550
options expired	-	(455,450)	455,450	-
Net loss for the three months ended Sept 30, 2013	-	-	(671,096)	(671,096)
Balance September 30, 2013	**$ 50,444,351**	**$ 6,202,499**	**$ (55,961,446)**	**$ 685,404**

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 three months ended September 30,		2013		2012
Cash (used in) provided by:				
Operating activities				
Net loss and comprehensive loss for the year	$	(671,096)		(1,197,292)
Items not involving cash				
Depreciation		6,507		13,644
Non-cash expenses		3,650		-
Stock-based compensation		8,550		12,700
Changes in non-cash working capital items				
Receivables		1,314,787		3,359,486
Prepaid expenses		13,605		26,486
Trade and other payables		(370,746)		(528,944)
		305,257		1,686,080
Investing activities				
Acquisitions of property, plant and equipment		-		(28,000)
Proceeds from disposal of vehicles		-		66,720
		-		38,720
Financing activities				
Repayment of term loan		-		(2,350,000)
		-		(2,350,000)
Decrease in cash and cash equivalents during the year		305,257		(625,200)
Cash and cash equivalents, beginning of year		52,449		854,829
Cash and cash equivalents, end of year	$	357,706		229,629
Cash and cash equivalents consist of:				
Cash	$	357,706		229,629
Cash equivalents		-		-
	$	357,706		229,629
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Interest paid	$	-	$	17,763
Income taxes paid		-		-

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, 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.

These interim condensed consolidated financial statements comprise the interim condensed financial statements of Gold Bullion Development Corp. and its wholly-owned subsidiary Castle Silver Mines Inc. ("Castle" or "CSM") and should be read in conjunction with the audited consolidated financial statements of Gold Bullion for the year ended June 30, 2013, and the related notes thereto,

The head office of the Company is located at Suite 1005, 1155 René Lévesque Blvd. West, Montreal, Quebec.

These interim condensed 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 interim condensed 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 September 30, 2013, the Company had not yet achieved profitable operations, has accumulated losses of $55,981,446 (June 30, 2013 - $55,745,800) since its inception, has working capital of $424,309 (June 30, 2013 - $1,076,697) and expects to incur further losses in the development of its business.

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.

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

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 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

These consolidated financial statements were approved and authorized for issue, by the Board of Directors on November 20, 2013.

(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 Interim Financial Reporting.

(b) Basis of Presentation

These interim condensed 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 Company's functional currency.

2. Basis of Preparation (cont'd)

For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian dollars. 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, 2013 have been applied consistently to these interim condensed consolidated financial statements.

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, 2013 have been applied consistently to these interim condensed consolidated financial statements.

5. Receivables

	September 30, 2013	June 30, 2013
Commodity taxes	$ 195,637	$ 122,125
Tax credits receivable	478,820	1,867,119
	$ 674,457	$ 1,989,244

The Company is entitled to a refundable tax credit 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 up to 8% (2012 - 7.5%) on qualified Canadian exploration expenditures net of flow-through renunciations and the refundable tax credit. These refunds are applied against the exploration expenses and included in tax credits receivable.

6. Deposit – Long-term

As at September 30, 2013 and June 30, 2012, 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.

7. Exploration and Evaluation Projects

The Company has determined that as at September 30, 2013 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 September 30, 2013 and June 30, 2012, the Company did not hold any assets classified as mining properties.

(Expressed in Canadian Dollars) (Unaudited)

7. Exploration and Evaluation Projects (cont'd)

Granada Property, Quebec, Canada

The Company holds a 100% interest to certain mining patent, 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. As of September 30, 2013, the Company has expended $23,277,648 on this project (June 30, 2013 - $22,932,353).

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. As of September 30, 2013, the Company has expended $2,957,399 on this project (June 30, 2013 - $2,886,375

Beaver Property, Ontario, Canada

The Company holds a 7 year option 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 Ansil Resources Ltd. ("Ansil") pursuant to which Ansil 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 Ansil the sum of $10,000 upon execution of this Agreement (paid); 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 (spent).

iii) Pay to Ansil, 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:

Date of payment	Amount
July 1, 2012	$10,000 (paid)
July 1, 2013	$10,000 (paid)
July 1, 2014	$10,000
July 1, 2015	$15,000
July 1, 2016	$15,000

(Expressed in Canadian Dollars) (Unaudited)

7. Exploration and Evaluation Projects (cont'd)

All future payments and obligations will be made to Jubilee Gold Exploration Ltd. ("Jubilee") as Jubilee amalgamated with Ansil on January 1, 2013.

As of September 30, 2013, the Company has expended $133,550 on this project (June 30, 2013 - $131,725).

8. Property, Plant and Equipment

	September 30, 2013				
	Cost June 30, 2013	Additions (Disposals) (Write-down)	Cost Sept 30, 2013	Accumulated Amortization	Net
Equipment	27,129	-	27,129	1,306	25,773
Vehicles	68,674	-	68,674	5,151	63,523
	$ 95,803	-	$ 95,803	$ 6,507	$ 89,296

	June 30, 2013				
	Cost June 30, 2012	Additions (Disposals) (Write-down)	Cost June 30, 2013	Accumulated Amortization	Net
Gravity plant	$ 240,999	$ (240,999)	$ -	$ -	$ -
Buildings	395,559	(395,559)	-	-	-
Equipment	17,993	28,000	45,993	18,864	27,129
Vehicles	340,321	(172,270)	168,051	99,377	68,674
	$ 994,872	$ (780,828)	$ 214,044	$ 118,241	$ 95,803

The Company has determined that there is no commercial or disposable value for the gravity plant and buildings and has therefore written them down to zero.

9. Trade and Other Payables

	September 30,2013	June 30,2013
Trade payable	$ 921,438	$ 1,268,643
Due to related parties	73,455	96,996
	$ 994,893	$ 1,365,639

(Expressed in Canadian Dollars) (Unaudited)

10. Share Capital

Authorized
Unlimited number of common shares without par value.

Issued

	Number of Shares	Amount
Balance, beginning of year	**228,486,974**	**$ 50,442,351**
Issued for expenses	**50,000**	**2,000**
Balance, end of period	**228,536,974**	**$ 50,444,351**

11. Share-Based Payments Reserve

	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, 2012	17,590,000	0.32	6,417,675	27,945,954	0.22	1,820,912	8,238,587
Exercised	-	-	-	(637,500)	0.16	(18,000)	(18,000)
Expired	(300,000)	0.18	(45,600)	(27,308,454)	0.18	(1,802,912)	(1,848,512)
Vesting	-	-	24,100	-	-	-	24,100
Granted	2,100,000	0.10	71,550	11,294,018	0.18	180,024	251,574
Balance, June 30, 2013	19,390,000	0.29	6,467,725	11,294,018	0.18	180,024	6,647,749
Granted	-	-	-	50,000	0.10	1,650	1,650
Expired	(1,435,000	0.28	(455,450)	-	-	-	(455,450)
Vesting	-	-	8,550	-	-	-	8,550
Balance, Sept 30, 2013	17,955,000	0.29	6,020,825	11,344,018	0.18	181,674	6,202,499

Warrants

A summary of the Company's outstanding warrants as at September 30, 2013 is presented below. Each warrant entitles the holder to purchase one common share:

Number of Warrants	Exercise Price	Expiry Date
8,115,533	0.180	November 30,2013
1,245,152*	0.150	November 30,2013
1,666,667	0.180	December 27, 2013
266,666	0.150	December 27, 2013
50,000	0.100	August 19, 2018
11,344,018	0.176	

* The units are convertible into shares at $0.15, with each unit consisting of one common share and one-half warrant, each whole warrant exercisable at $0.18.

(Expressed in Canadian Dollars) (Unaudited)

11. Share-Based Payments Reserve (cont'd)

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. During the three months ended September 30, 2013 no options were granted.

A summary of the Company's outstanding stock options issued to directors, officers, employees and key consultants as at September 30, 2013 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	0.10	May 11, 2014
1,300,000	1,300,000	0.10	September 9, 2014
500,000	500,000	0.10	February 12, 2015
125,000	125,000	0.15	March 3, 2015
100,000	100,000	0.19	March 8, 2015
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
850,000	850,000	0.35	March 25, 2016
300,000	300,000	0.35	July 14, 2016
4,450,000	4,450,000	0.13	January 4, 2022
200,000	200,000	0.15	March 9, 2017
600,000	600,000	0.15	March 9, 2014
150,000	150,000	0.10	March 11, 2018
150,000	150,000	0.10	March 11, 2014
600,000	300,000	0.10	March 11, 2018
600,000	600,000	0.10	June 12, 2018
17,955,000	17,655,000	0.30	

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.

For the three months ended September 30, 2013 key management compensation totaled $203,464.

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 cosulting services. During the three months ended September 30, 2013, the total amount for such services provided was $121,167 of which $88,367 was recorded in exploration expenses and $32,800 in management fees. As at September 30, 2013, an amount of $38,194 was included in trade and other payables.

b) The Company retains the services of two directors and an officer to carry out administrative services. During the year ended September 30, 2013, the total amount for such services provided was of $82,298 which was recorded in management and consulting fees. As at September 30, 2013, $40,261 was included in trade and other payables.

13. Contingencies

a) 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.

   i) Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work no later than the first of the following dates:
   ii) Two years following the flow-through investment;
   iii) One year after the Company has renounced the tax deductions relating to the exploration work.

   During the year ended June 30, 2013, the Company received $2,934,660 from flow-through share issuances. According to the tax rules, the Company has until December 31, 2013 to spend this amount on qualified exploration expenditures. As at September 30, 2013, the Company has expended $1,237,162 of this amount, and is required to spend $1,697,498 by December 31, 2013. The Company has identified 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.

13. Contingencies (cont'd)

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

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

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

14. Commitments

(a) Consulting service agreements

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

i) Effective January 1, 2007, the Company entered into a management agreement with Grupo Moje Limited ("Grupo"), a company owned by a director and officer of the Company. The fee for management services was 20 ounces of gold per month. The dollar amount calculated is based on the price of gold which is quoted in U.S. dollars converted into Canadian dollars on the same date as at the end of each quarter. Either party may terminate this engagement by giving four months' notice to the other subject to certain provisions of the agreement. Effective December 1, 2010 this agreement was amended to require 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 240 ounces of gold with the dollar amounts to be calculated based on the price of gold on the date of termination of the agreement. Effective May 16, 2013, this agreement was amended to change the management fee from 20 ounces of gold per month to $25,000 per month for the services of Mr. Frank Basa and to $11,666.67 per month for the services of Ms. Elaine Basa.

ii) Effective July 1, 2010 and amended January 1, 2012 the Company entered into a consulting agreement with a director and officer of the Company. The fee for consulting services was $9,500 per month. Either party may terminate this engagement by giving four months' notice to the other, subject to certain provisions of the agreement. This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to the consultant of $114,000. Effective July 1, 2013 this agreement was amended to change the fee for consulting services to approximately $60 per hour. Effective September 16, 2013, the director agreed to forgive 50% of the fee for a period of six months.

14. Commitments (cont'd)

(a) Consulting service agreements (cont'd)

iii) Effective December 1, 2010 and amended October 1, 2011 the Company entered into an agreement with a director of the Company. The fee for consulting services was $8,000 per month. Either party may terminate this engagement by giving four months' notice to the other subject to certain provisions of the agreement. The agreements also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make payments to the consultant in the amount of $96,000. Effective July 1, 2013 this agreement was amended to change the fee for consulting services to $50 per hour. Effective September 16, 2013, the director agreed to forgive 50% of the fee for a period of six months.

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

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

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

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

The MOU also includes terms outlining environmental protection, employment, training and business opportunities, and mitigation of impacts on the traditional pursuits of the members of the First Nation Community. See Note 19.

viii) As the likelihood of the events disclosed in Note 15(i), (ii), (iii), (iv) and (v) taking place is not determinable, the contingent payments have not been recorded in these consolidated financial statements.

15. Financial Risk Management

The financial risk management policies set out in the Company's audited financial statements for the year ended June 30, 2013 have been applied consistently for the three months ended September 30, 2013..

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, share based payments reserves and deficit, which as at September 30, 2013 totalled $685,404 (June 30, 2013 – $1,344,300).

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

The Company currently has no 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 September 30, 2013 and 2012. The Company is not subject to external imposed capital requirements.

17. Subsequent Events

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

In connection with the private placement, the Company paid finders' fees consisting of $72,000.32 in cash and issued 514,288 non-transferable broker warrants, each broker warrant exercisable into one common share in the capital of the Company on or before April 21, 2015 at a purchase price of $0.10 per share.