

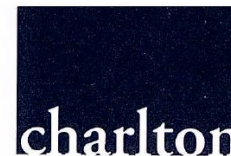
BAMA GOLD CORP.

**Financial Statements
(Expressed in Canadian Dollars)**

For the years ended June 30, 2014 and 2013

p | 604.683.3277
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE
555 BURRARD STREET
BOX 243
VANCOUVER, BC V7X 1M9



charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Bama Gold Corp.

We have audited the accompanying financial statements of Bama Gold Corp., which comprise the statements of financial position as at June 30, 2014 and 2013 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2014 and 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 company'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 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, these financial statements present fairly, in all material respects, the financial position of Bama Gold Corp. as at June 30, 2014 and 2013 and its financial performance and cash flows for the years ended June 30, 2014 and June 30, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, Canada
October 22, 2014

CHARTERED ACCOUNTANTS

BAMA GOLD CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

		June 30,	
		2014	2013
		\$	\$
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		1,095,358	282,799
Taxes receivable		11,000	5,297
Total current assets		1,106,358	288,096
Non-current assets			
Exploration and evaluation assets	4	26,667	122,625
Total assets		1,133,025	410,721
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		126,390	17,846
Due to related parties	5	441,155	99,400
Total current liabilities		567,545	117,246
Promissory Note	6	550,000	543,718
Total liabilities		1,117,545	660,964
SHAREHOLDERS' EQUITY			
Share capital	7	8,996,484	8,183,326
Contributed surplus	7	629,554	629,554
Deficit		(9,610,558)	(9,063,123)
Total shareholders' equity		15,480	(250,243)
Total liabilities and equity		1,133,025	410,721

Nature and continuance of operations (Note 1)
Events after the reporting period (Note 13)

APPROVED BY THE DIRECTORS:

Signed: "**Karl Kottmeier**"

 Director

Signed: "**Douglas Ford**"

 Director

The accompanying notes form an integral part of these financial statements

BAMA GOLD CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years ended June 30	
		2014	2013
		\$	\$
	Notes		
Expenses			
Exploration expenses	4, 5	-	195,864
General and administrative	5	38,391	52,655
Insurance		9,000	11,642
Management fees	5	360,000	360,000
Professional fees		31,079	23,262
Transfer agent and regulatory fees		16,221	12,799
		<u> </u>	<u> </u>
Loss before other items		(454,691)	(656,222)
Interest income		3,214	5,909
Impairment	4	(95,958)	(405,000)
		<u> </u>	<u> </u>
Net loss and comprehensive loss for the year		<u>(547,435)</u>	<u>(1,055,313)</u>
Loss per common share - basic and diluted		<u>(0.02)</u>	<u>(0.05)</u>
Weighted average number of common shares outstanding			
- basic and diluted		<u>21,861,727</u>	<u>21,726,111</u>

The accompanying notes form an integral part of these financial statements

BAMA GOLD CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended June 30	
	2014	2013
	\$	\$
	<i>Notes</i>	
OPERATING ACTIVITIES		
Net loss for the year	(547,435)	(1,055,313)
Items not affecting cash		
Impairment	4 95,958	405,000
	(451,477)	(650,313)
Changes in non-cash working capital items:		
Taxes receivable	(5,703)	24,208
Prepaid expenses	-	10,892
Accounts payable and accrued liabilities	108,544	2,494
Due to related parties	341,755	(15,000)
Cash used in operating activities	<u>(6,881)</u>	<u>(627,719)</u>
INVESTING ACTIVITIES		
Cash used in investing activities	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Common shares issued for cash	825,000	-
Share issue costs	(11,842)	-
Promissory Note	6 6,282	197,640
Cash provided by financing activities	<u>819,440</u>	<u>197,640</u>
Total change in cash during the year	812,559	(430,079)
Cash and cash equivalents, beginning of year	<u>282,799</u>	<u>712,878</u>
Cash and cash equivalents, end of year	<u>1,095,358</u>	<u>282,799</u>
Cash and cash equivalents is comprised of:		
Cash	1,095,358	29,430
Short-term deposits	-	253,369
	<u>1,095,358</u>	<u>282,799</u>
Cash paid for:		
Interest	-	-
Income taxes	-	-
	<u>-</u>	<u>-</u>
Cash received for:		
Interest	<u>3,214</u>	<u>5,909</u>
Significant non-cash transactions	11	

The accompanying notes form an integral part of these financial statements

BAMA GOLD CORP.
Statements of Changes in Equity
(Expressed in Canadian Dollars)
For the years ended June 30, 2014 and 2013

Notes	Number of shares	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance at June 30, 2012	21,726,111	8,183,326	629,554	(8,007,810)	805,070
Loss for the year	-	-	-	(1,055,313)	(1,055,313)
Shares issued for cash (private placement)	-	-	-	-	-
Share issuance costs	-	-	-	-	-
Balance at June 30, 2013	21,726,111	8,183,326	629,554	(9,063,123)	(250,243)
Balance at June 30, 2013	21,726,111	8,183,326	629,554	(9,063,123)	(250,243)
Loss for the year	-	-	-	(547,435)	(547,435)
Shares issued for cash (private placement)	16,500,000	825,000	-	-	825,000
Share issuance costs	-	(11,842)	-	-	(11,842)
Balance at June 30, 2014	38,226,111	8,996,484	629,554	(9,610,558)	(15,480)

The accompanying notes form an integral part of these financial statements

1. Nature and continuance of operations

Bama Gold Corp. (the "Company") was incorporated in the Province of British Columbia on March 14, 2008 under the Business Corporations Act of British Columbia. The name change to Bama Gold Corp became effective December 13, 2011. The Company's registered office is located at Suite 1450 - 701 West Georgia Street, Vancouver, British Columbia.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves.

The ability of the Company to continue to operate as a going concern is dependent on its ability to ultimately operate its business at a profit. To date, the Company has not generated any revenues from operations and will require additional funds to meet its obligations and the costs of its operations. As a result, further losses are anticipated prior to the generation of any profits. As at June 30, 2014, the Company had working capital of \$538,813 (2013: \$170,850) and had accumulated a deficit of \$9,610,558 (2013: \$9,063,123) since inception.

The Company's future capital requirements will depend on many factors, including the costs of exploring its mineral properties, operating costs, competitive environment and global market conditions. The Company's anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Several conditions discussed below indicate the existence of a material uncertainty that may cast substantial doubt regarding this assumption. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of presentation

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved for issue by the Board of Directors on October 22, 2014.

b) Basis of Measurement

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

3. Significant accounting policies

a) Cash and cash equivalents

The Company considers all highly liquid instruments, generally with a maturity of three months or less at the time of issuance, to be cash equivalents.

b) Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgments

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. Estimating the fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

c) Basic and diluted loss per share

The loss per share figures is calculated using the weighted average number of shares outstanding during the respective fiscal years. The calculation of loss per share figures using the Treasury Stock Method considers the potential exercise of outstanding share purchase options and warrants or other contingent issuances to the extent each option, warrant or contingent issuance was dilutive. For all years presented, diluted loss per share is equal to basic loss per share as the potential effects of options, warrants and conversions are anti-dilutive.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same for the years presented.

3. Significant accounting policies (cont'd)

d) Financial instruments

The Company designates its financial assets, as loans and receivables, available for sale and fair value through profit and loss ("FVTPL"). Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in the active market. These assets are comprised of cash and cash equivalents and are initially measured at fair value and subsequently at amortized cost less any impairment.

Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income, unless such assets are determined to be impaired in which case the impairment loss is reclassified out of other comprehensive income and recognized in the Statement of Comprehensive Income for that period. The reversal of previously recognized impairment losses are recognized directly in equity and not reversed through the Consolidated Statements of Comprehensive Income. The Company does not have any financial assets classified as available-for-sale.

Financial assets designated as FVTPL when they are held for trading. A financial asset is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for that period. The Company does not have any financial assets classified as FVTPL.

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost. These liabilities include accounts payables and accrued liabilities.

Transaction costs on financial assets and liabilities other than those classified as FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

The Company does not have any derivative or embedded derivative instruments.

e) Exploration and evaluation assets

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management determines there is sufficient evidence to support the probability of future mining operations of economically recoverable reserves, and requires significant judgment on the part of management.

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired.

When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred.

Management reviews the carrying value of capitalized exploration and evaluation expenditures when circumstances require, and at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for properties present costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

f) Share issuance costs

All professional fees and commissions incurred directly with the issue of the Company's shares are charged directly to share capital

3. Significant accounting policies (cont'd)

g) Share-based compensation

The Company applies the fair value method of accounting for all stock option awards and equity settled restricted share units. Under this method, the Company recognizes a compensation expense for all stock options awarded to employees, based on the fair value of the options on the date of grant which is determined by using the Black-Scholes option pricing model for stock option awards, and the quoted market value of the shares for restricted share units. The fair value of the options is expensed over the vesting period of the options. No expense is recognized for awards that do not ultimately vest.

Option valuation models such as Black-Scholes, require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

h) Current and deferred income tax

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred tax assets and liabilities are determined based on differences between the tax and accounting basis of assets and liabilities. Deferred tax assets or liabilities are calculated using the substantially enacted tax rates for the period in which the differences are expected to be realized or settled. Deferred tax assets are recognized to the extent that they are considered recoverable.

i) Flow-through Shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from qualifying expenditures that the company made with the proceeds. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or "premium" are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

j) Provisions

When the Company has a present legal or constructive obligation as a result of a past event, a provision is recognized only when the obligation is estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the obligation due to the passage of time is recognized as finance expense.

k) Impairment of non-financial assets

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management and are measured at the difference between the fair value of the long-lived asset and its carrying amount.

l) Site restoration obligation

Provisions for site restoration obligations are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates, and operating lives. Changes to estimated future costs are recognized in the statement of financial position by adjusting the site restoration asset and liability.

m) Environmental risk

The Company is engaged in resource exploration and development and is accordingly exposed to environmental risks associated with such activity. The properties the Company holds interest in are currently in the initial exploration stages and it has not determined whether significant site reclamation costs will be required. The Company would only record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

BAMA GOLD CORP.
Notes to the Financial Statements
June 30, 2014

3. Significant accounting policies (cont'd)

n) Agent warrants and warrants

Warrants issued to agents in connection with a financing are recorded at fair value and charged to share issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Warrants included in units offered to subscribers in connection with financings are valued using the residual value method whereby proceeds are first allocated to the fair value of the shares and the excess if any, allocated to the warrants.

o) Future accounting changes

New Accounting Standards Adopted During the Year

IFRS 10 – Consolidated Financial Statements (“IFRS 10”)

IFRS 10 was applied starting July 1, 2013. It does not have any impact on the financial statements.

IFRS 11 – Joint Arrangements (“IFRS 11”)

IFRS 11 applied starting July 1, 2013. It does not have any impact on the financial statements.

IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”)

IFRS 12 applied starting July 1, 2013. The requirement of IFRS 12 relates to disclosures only and is applicable for the first annual period after adoption. It does not have any impact on the financial statements.

IFRS 13 - Fair Value Measurement (“IFRS 13”)

IFRS 13 was applied on July 1, 2013. The adoption of IFRS 13 had an immaterial effect on the Company's annual financial statements for the year ended June 30, 2014.

Standards issued but not yet effective

Certain new accounting standards have been issued but are not yet effective. The Company has not yet evaluated the impact of these standards on its financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded below.

IFRS 9 – Financial instruments (“IFRS 9”) will replace IAS 39 Financial Instruments: Recognition and Measurement (“IASB 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. 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 application is permitted.

Amendments to IAS 32, Financial Instruments: presentation - These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

4. Mineral properties

	Turner Lake Property	Manalo Property	Total
	\$	\$	\$
June 30, 2014			
Mineral properties, beginning of the year	122,625	-	122,625
Impairment	(95,958)	-	(95,958)
Mineral properties, end of the year	26,667	-	26,667
June 30, 2013			
Mineral properties, beginning of the year	122,625	405,000	527,625
Impairment	-	(405,000)	(405,000)
Mineral properties, end of the year	122,625	-	122,625

Turner Lake Property (Nunavut, Canada)

Pursuant to an Option Agreement dated November 8, 2007, effective March 19, 2009, the Company exercised its option to acquire a 75% interest in the Turner Lake Gold property from Trade Winds Ventures Inc. (“Trade Winds”). The property is comprised of four claims: Jam 1, Jam 2, Jam 3 and Jam 4.

BAMA GOLD CORP.
Notes to the Financial Statements
June 30, 2014

4. Mineral properties (cont'd)

During the year ended June 30, 2010, the Company executed and completed an agreement with joint venture partner Trade Winds; to acquire the remaining 25% interest in the Turner Lake property. As consideration for the purchase, the Company issued 170,000 common shares of the Company valued at \$68,000 and granted a 1% Net Smelter Royalty to Trade Winds. The Company can acquire Trade Winds' NSR for \$1.25 million. One of the four claims [Jam 1] comprising the Turner Lake property is subject to an additional 1% NSR held by a third party.

Effective March 7, 2014, the Company entered into an Agreement of Purchase and Sale with an arms-length party for the sale of the Jam 1, Jam 2 and Jam 3 claims, subject to certain conditions. As of June 30, 2014, those conditions had not been met and closing of the sale transaction is indefinite. The Company has recorded a \$95,958 property impairment expense thus reducing the carrying value of the Turner Lake Property to \$26,667 (2013: \$122,625) to more accurately reflect the realizable value of the property.

Manalo Property (Mali)

Pursuant to an Assignment Agreement dated as of September 9, 2011, the Company agreed to acquire all of the rights of the Optionee in an Option Agreement dated February 20, 2009 between Delta Exploration ("Optionor") and Appleton Exploration Inc. ("Optionee"); in consideration for the Assignment, the Company agreed to pay to Appleton \$250,000 (paid) and to issue 1,000,000 common shares (issued) on receipt of all necessary consents and regulatory approvals. Under the Option Agreement, the Optionee had the right to earn a 100-per-cent interest in the Manalo gold project, located in the Republic of Mali, Africa, subject to the retention of a 2-per-cent net smelter return (NSR) royalty by Delta. The Optionee could earn an initial 65-per-cent undivided interest in the Manalo gold project by incurring exploration expenditures on the Manalo gold project totaling \$2.5-million (U.S.) prior to April 1, 2013. The Optionee could earn the remaining 35-per-cent interest in the Manalo gold project by making a one-time cash payment of \$1.5-million to Delta. At Delta's option, Delta could elect to receive the payment in the equivalent value of units issued by the Optionee. The Optionee was also required to delivery an independent feasibility study or arrange for production financing prior to April 1, 2017. The Optionee had the option to purchase one-half of the NSR (1 per cent) for \$1-million within the first 12 months of production.

Effective September 20, 2013, the Company relinquished its interest in the Manalo property option due to challenges posed by political and military issues in Mali and the state of capital markets. As a result, all capitalized costs were written off as at June 30, 2013.

Exploration and Development expenditures for the year ended June 30, 2014 are as follows:

	Turner Lake Property \$	Manalo Property \$	Total \$
Camp supplies and field costs	-	-	-
Consultants	-	-	-
Drilling	-	-	-
Geological	-	-	-
Government fees	-	-	-
Office and administration	-	-	-
June 30, 2014	-	-	-
Camp supplies and field costs	-	103,287	103,287
Consultants	-	17,803	17,803
Drilling	-	3,933	3,933
Geological	-	21,425	21,425
Government fees	30	20,924	20,954
Office and administration	-	28,462	28,462
June 30, 2013	30	195,834	195,864

BAMA GOLD CORP.
Notes to the Financial Statements
June 30, 2014

5. Related party transactions and balances

Related party transactions were in the normal course of business and have been recorded at the exchange amount; which is the fair value agreed to between the parties. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

During the years ended June 30, 2014 and 2013, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transaction
Pacific Equity Management Corp. ("PEMC")	Management fees for services provided by CEO, CFO, VP Corporate Development, VP Finance, Accountant, Secretary, Administrator and all support staff.
Geocon Enterprises Inc. ("Geocon")	Consulting fees for the services provided by Lorne Warner, former VP Exploration of the Company.
Contact Financial Corp. ("CFC")	Rent and shared office expenses.
Rockgate Capital Corp. ("Rockgate")	Formerly a TSX listed company, formerly the parent of the Company

Due to related parties include the following amounts:

	June 30, 2014	June 30, 2013
	\$	\$
PEMC	409,500	nil
Geocon	nil	99,400
CFC	31,655	nil
Promissory Note to Rockgate	nil ⁽¹⁾	543,718
	441,155	643,118

⁽¹⁾ the Company has been notified that effective May 2, 2014, the Promissory Note has been assigned by Rockgate to an arms-length party. See Note 6.

For the year ended June 30, 2014, the Company paid or accrued \$30,000 (2013: \$30,000) for rent and office services to CFC, a company controlled by an officer of the Company and in which a second officer and director of the Company is a significant shareholder. Pursuant to a rental agreement, the Company is required to pay \$2,500 per month and the agreement can be terminated by either party with six months' notice.

For the year ended June 30, 2014, the Company paid or accrued a total of \$360,000 (2013: \$360,000) to PEMC, a company controlled by officers of the Company for management services. Pursuant to a Management Services Agreement, the Company is required to pay \$30,000 per month, and the agreement can be terminated by either party with six months' notice.

Included in exploration and drilling expense is \$nil (2013: \$195,834) accrued and payable to Rockgate, the former parent company, for the recovery of operating expenses pertaining to the Manalo option.

6. Promissory Note

As at June 30, 2014, \$550,000 (2013: \$543,718) was due to under a non-recourse Promissory Note with a maturity date of September 20, 2018. The amount is non-interest bearing. The Company has been notified that effective May 2, 2014, the Promissory Note has been assigned by Rockgate to an arms-length party. See Note 13.

BAMA GOLD CORP.
Notes to the Financial Statements
June 30, 2014

7. Share capital and contributed surplus

- a) Authorized:
Unlimited common shares without par value

At the annual general meeting of shareholders held on December 10, 2013, shareholders approved a resolution to consolidate the share capital on the basis of one new common share for up to 10 existing common shares. The share consolidation is subject to the approval and acceptance by the TSX Venture Exchange. The share consolidation has not yet been effected.

- b) Issued common shares: Refer to Statement of Changes in Equity

- c) Private placements

During the year ended June 30, 2014, the Company completed a non-brokered private placement effective June 27, 2014. The Company issued 16,500,000 Units at \$0.05 for proceeds of \$825,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the company for a period of 18 months from the closing date at a price of \$0.10 per common share. As a part of the private placement, the Company incurred \$11,842 in share issuance costs. See Note 13.

During the year ended June 30, 2013, the Company had no private placements.

- d) Warrants:

Warrant transactions are summarized as follows:

	Warrants	Weighted Average Exercise Price \$
Balance June 30, 2012	8,000,000	0.165
Issued	-	-
Exercised	-	-
Expired	(8,000,000)	0.165
Balance June 30, 2013	-	-
Issued	16,500,000	0.10
Exercised	-	-
Expired	-	-
Balance June 30, 2014	16,500,000	0.10

As at June 30, 2014, the following warrants were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
16,500,000	\$0.10	December 27, 2015	1.49

- e) Options:

During the year ended June 30, 2009, the Company adopted a Stock Option Plan (the "Plan"). The purpose of the Plan is to give to eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to five years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time.

BAMA GOLD CORP.
Notes to the Financial Statements
June 30, 2014

7. Share capital and contributed surplus – (cont'd)

e) Options – (cont'd)

	Options	Weighted Average Exercise Price \$
Balance, June 30, 2013 and 2012	1,174,000	0.20
Granted	-	-
Terminated	-	-
Balance, June 30, 2014	1,174,000	0.20

As at June 30, 2014, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
484,000	\$0.24	January 17, 2016	1.55
690,000	\$0.17	September 27, 2016	2.25

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of outstanding options is 1.96 years.

8. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2014	2013
Loss before income taxes	\$ (547,435)	\$ (1,055,313)
Computed income taxes (recovery) at statutory rate of 26.00% (2013 – 25.00%)	\$ (142,333)	(263,828)
Net adjustments for deductible and non-deductible items	21,351	43,548
Change in tax rates	51,035	(144,718)
Change in unrecognized deferred tax assets	69,947	364,998
	\$ -	\$ -

The significant components of the Company's unrecognized deferred income tax assets are as follows:

	2014	2013
Deferred tax assets:		
Non-capital losses carried forward	\$ 741,693	\$ 671,485
Exploration and evaluation assets	723,294	596,838
Share issuance costs	7,324	7,541
Total unrecognized deferred tax assets	\$ 1,472,311	\$ 1,275,864

At June 30, 2014, the Company has unrecognized tax attributes aggregating \$1,472,311 (2013: \$1,275,864) and non-capital losses of approximately \$2,852,000 (2013: 2,387,000) available for carry forward. The Company has approximately \$2,808,000 (2013: \$2,808,000) of exploration costs which are available for deduction against future income for tax purposes.

BAMA GOLD CORP.
Notes to the Financial Statements
June 30, 2014

8. Income taxes – (cont'd)

The non-capital losses expire as follows:

2030	\$	454,000
2031		503,000
2032		469,000
2033		485,000
2034		476,000
2035		465,000
Totals	\$	2,852,000

9. Capital management

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a qualifying transaction, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity.

As at June 30, 2014, the Company had capital resources consisting of cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry on its planned operations.

10. Financial instruments, fair value measurement and risk

a) Financial Instruments

As at June 30, 2014, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, due to related parties, and Promissory Note. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

b) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

10. Financial instruments, fair value measurement and risk – (cont'd)

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value of cash and cash equivalents are determined based on "Level 1" inputs which consist of quoted prices in active markets for identical assets. As at June 30, 2014, the Company believes that the carrying values of taxes receivable and accounts payable and accrued liabilities, due to related parties, and Promissory Note approximate their fair values because of their nature and relatively short maturity dates or durations.

c) Financial Risks

(i) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is \$1,106,358 (2013 - \$288,097) consisting of cash and cash equivalents and taxes receivable. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the government of Canada. Accounts receivable include harmonized sales tax receivable from an agency of the government of Canada. In management's opinion, the Company's credit risk related to cash and cash equivalents, accounts receivable and exploration advances is minimal.

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at June 30, 2014, the Company had working capital of \$538,813 (2013: \$170,851). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2014, the Company has sufficient working capital to discharge its existing financial obligations.

(iii) Interest Rate Risk

The Company is subject to interest rate risk as its cash equivalents bear interest at fixed rates. In management's opinion, the Company's interest rate risk is minimal as its cash equivalents may be redeemed upon demand without significant penalty.

(iv) Foreign Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Historically, the Company operated internationally. Such operations give rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily those cash and cash equivalents and receivables and prepaids that are held in foreign currencies, offset by those accounts payable denominated in foreign currencies. The Company raises funds in Canadian dollars and primarily spends funds in Canadian dollars. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the Canadian dollar. In order to reduce the Company's exposure to currency risk, the Company may periodically increase or decrease the amount of funds held in foreign currencies.

11. Non-cash transactions

The Company has recorded no non-cash Investing and Financing Activities in the period.

12. Segmented information

The Company operates in one segment – the acquisition, exploration and development of mineral properties. As at June 30, 2014, the Company's operations and assets were in Canada.

13. Events after the reporting period

- a) Effective August 29, 2014, the Company closed the final tranche of a non-brokered private placement. The Company issued 1,500,000 Units at \$0.05 for proceeds of \$75,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the company for a period of 18 months from the closing date at a price of \$0.10 per common share. The aggregate proceeds of the two closings totalled \$900,000 in gross proceeds.
- b) The Company retired the Promissory Note (Note 6), from existing working capital.