

BAMA GOLD CORP.

**Condensed Interim Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)**

For the three months ended September 30, 2014 and 2013

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BAMA GOLD CORP.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)

		September 30, 2014 \$	June 30, 2014 \$
	<i>Notes</i>		
ASSETS			
Current assets			
Cash and cash equivalents		242,967	1,095,358
Taxes receivable		16,341	11,000
Prepays		6,300	-
Total current assets		265,608	1,106,358
Non-current assets			
Exploration and evaluation assets	4	26,667	26,667
Total assets		292,275	1,133,025
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		28,178	126,390
Due to related parties	5	281,030	441,155
Total current liabilities		309,208	567,545
Promissory Note	6	-	550,000
Total liabilities		309,208	1,117,545
SHAREHOLDERS' EQUITY			
Share capital	7	9,069,186	8,996,484
Contributed surplus	7	629,554	629,554
Deficit		(9,715,673)	(9,610,558)
Total shareholders' equity		(16,933)	15,480
Total liabilities and equity		292,275	1,133,025

Nature and continuance of operations (Note 1)
Events after the reporting period (Note 12)

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.
Condensed Interim Statement of Comprehensive Loss
(Expressed in Canadian Dollars)

		Three months ended	
		September 30,	
		2014	2013
		\$	\$
	Notes		
Expenses			
Exploration expenses	4, 5	-	-
General and administrative	5	7,531	7,633
Insurance		2,733	2,250
Management fees	5	90,000	90,000
Professional fees		4,054	3,938
Transfer agent and regulatory fees		1,424	1,959
		<hr/>	<hr/>
Loss before other items		105,742	105,780
Interest income		627	-
		<hr/>	<hr/>
Net loss and comprehensive loss for the period		<u>(105,115)</u>	<u>(105,780)</u>
Loss per common share - basic and diluted		<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of common shares outstanding			
- basic and diluted		<u>38,747,850</u>	<u>21,726,111</u>

The accompanying notes form an integral part of these financial statements

BAMA GOLD CORP.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

	Three months ended	
	September 30,	
	2014	2013
	\$	\$
	Notes	
OPERATING ACTIVITIES		
Net loss for the period	(105,115)	(105,780)
Items not affecting cash		
Share based compensation	-	-
	-	-
Changes in non-cash working capital items:		
Taxes receivable and prepaids	(11,640)	(10,980)
Accounts payable and accrued liabilities	(258,338)	105,642
Cash used in operating activities	(375,093)	(11,118)
INVESTING ACTIVITIES		
Promissory note payable	(550,000)	-
Cash used in investing activities	(550,000)	-
FINANCING ACTIVITIES		
Common shares issued for cash	75,000	-
Share issue costs	(2,298)	-
Cash used in financing activities	72,702	-
Total increase (decrease) in cash during the period	(852,391)	(11,118)
Cash and cash equivalents, beginning of period	1,095,358	282,799
Cash and cash equivalents, end of period	242,967	271,681
Cash and cash equivalents comprised of:		
Cash	242,967	18,312
Short-term deposits	-	253,369
Cash paid for:		
Interest	-	-
Income taxes	-	-
Cash received for:		
Interest	627	-

Significant non-cash transactions **10**

The accompanying notes form an integral part of these financial statements

BAMA GOLD CORP.**Statement of Changes in Equity****(Expressed in Canadian Dollars)****For the periods ended September 30, 2014 and 2013**

Notes	Number of shares	Share capital	Contributed surplus	Deficit	Total
		\$	\$	\$	\$
Balance at June 30, 2013	21,726,111	8,183,326	629,554	(9,063,123)	(250,243)
Loss for the period	-	-	-	(105,780)	(105,780)
Balance at September 30, 2013	<u>21,726,111</u>	<u>8,183,326</u>	<u>629,554</u>	<u>(9,168,903)</u>	<u>(356,023)</u>
Balance at June 30, 2014	38,226,111	8,996,484	629,554	(9,610,558)	15,480
Loss for the period	-	-	-	(105,115)	(105,115)
Shares issued for cash (private placement)	1,500,000	75,000	-	-	75,000
Share issuance costs	-	(2,298)	-	-	(2,298)
Balance at September 30, 2014	<u>39,726,111</u>	<u>9,069,186</u>	<u>629,554</u>	<u>(9,715,673)</u>	<u>(16,933)</u>

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 September 30, 2014, the Company had a working capital deficit of \$43,600 (June 30, 2014 year-end: surplus of \$538,813) and had accumulated a deficit of \$9,715,673 (June 30, 2014 year-end: \$9,610,558) 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. 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

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended June 30, 2014. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of November 24, 2014, the date the Board of Directors approved these unaudited condensed interim financial statements and they are consistent with those disclosed in the annual financial statements.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 24, 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) Future accounting changes

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

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Notes to the Financial Statements
September 30, 2014

3. Significant accounting policies – (cont'd)

c) Future accounting changes – (cont'd)

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, 2015. Earlier application is permitted.

IFRS 12 – New Standard IFRS 12 Disclosure of Interest in Other Entities combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated significant entities.

4. Mineral properties

	Turner Lake Property	Total
	\$	\$
September 30, 2014		
Mineral properties, beginning of the period	26,667	26,667
Impairment	-	-
Mineral properties, end of the period	26,667	26,667
September 30, 2013		
Mineral properties, beginning of the period	122,625	122,625
Impairment	-	-
Mineral properties, end of the period	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.

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 September 30, 2014, those conditions had not been met and closing of the sale transaction is indefinite. In a prior period, the Company has recorded a \$95,958 property impairment expense thus reducing the carrying value of the Turner Lake Property to \$26,667 to more accurately reflect the realizable value of the property.

Exploration and Development expenditures for the period ended September 30, 2014 are as follows:

	Turner Lake Property	Total
	\$	\$
Camp, field costs and drilling	-	-
Geological	-	-
Government fees, office and admin	-	-
September 30, 2014	-	-
September 30, 2013		
Camp, field costs and drilling	-	-
Geological	-	-
Government fees, office and admin	-	-
September 30, 2013	-	-

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September 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 periods ended September 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

For the period ended September 30, 2014, the Company paid or accrued \$7,500 (2013: \$7,500) 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 period ended September 30, 2014, the Company paid or accrued a total of \$90,000 (2013: \$90,000) 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.

Due to related parties include the following amounts:

	September 30, 2014	September 30, 2013
	\$	\$
PEMC	262,500	94,500
Geocon	Nil	99,400
CFC	18,530	8,030
Promissory Note to Rockgate	nil ⁽¹⁾	543,718
	<u>281,030</u>	<u>745,648</u>

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

6. Promissory Note

The Company retired the Promissory Note during the period.

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 was notified that effective May 2, 2014, the Promissory Note was assigned by Rockgate to an arms-length party.

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Notes to the Financial Statements
September 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:

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.

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.

- d) Warrants:

Warrant transactions are summarized as follows:

	Warrants	Weighted Average Exercise Price \$
Balance June 30, 2014	16,500,000	0.10
Issued	1,500,000	0.10
Exercised	-	-
Expired	-	-
Balance September 30, 2014	18,000,000	0.10

As at September 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	1.24
1,500,000	\$0.10	February 28, 2016	1.41

- 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.

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Notes to the Financial Statements
September 30, 2014

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

e) Options – (cont'd)

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

As at September 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	1.30
690,000	\$0.17	September 27, 2016	1.99

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 1.71 years.

8. 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 September 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 insufficient to carry on its planned operations.

9. Financial instruments, fair value measurement and risk

a) Financial Instruments

As at September 30, 2014, the Company's financial instruments consist of cash and cash equivalents, taxes receivable, accounts payable and accrued liabilities, and due to related parties. 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.

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 September 30, 2014, the Company believes that the carrying values of taxes receivable and accounts payable and accrued liabilities, and due to related parties 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 \$259,308 (2013 - \$281,958) 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 and accounts receivable 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 September 30, 2014, the Company had a working capital deficit of \$43,600 (2013: surplus of \$65,070). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2014, the Company has insufficient 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.

10. Non-cash transactions

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

11. Segmented information

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

12. Events after the reporting period

None to report.