

Bullion Gold Resources Corp.

Consolidated Annual Financial Statements

**For the Years Ended December 31, 2014 and 2013
(Expressed in Canadian dollars)**

Bullion Gold Resources Corp.
Consolidated Annual Financial Statements
For the Years Ended December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bullion Gold Resources Corp.

We have audited the accompanying consolidated financial statements of Bullion Gold Resources Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of comprehensive loss, shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Bullion Gold Resources Corp. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Bullion Gold Resources Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

April 29, 2015

Bullion Gold Resources Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2014	December 31, 2013
ASSETS			
Current Assets			
Cash		\$ 5,266	\$ 6,925
Accounts receivable		2,156	3,040
Mineral exploration tax credits receivable		-	3,852
Total current assets		7,422	13,817
Non-current assets			
Reclamation deposits	5	3,500	3,500
Equipment	7	69	828
Total non-current assets		3,569	4,328
TOTAL ASSETS		\$ 10,991	\$ 18,145
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 835,014	\$ 800,431
Loans payable	9	17,114	-
Due to related parties	9	181,190	74,118
TOTAL LIABILITIES		1,033,318	874,549
EQUITY (DEFICIENCY)			
Share capital	8	5,430,787	5,423,767
Share subscriptions received		-	25,000
Contributed surplus		883,589	845,512
Deficit		(7,336,703)	(7,150,683)
TOTAL EQUITY (DEFICIENCY)		(1,022,327)	(856,404)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		\$ 10,991	\$ 18,145

Nature of Operations and Going Concern (Note 1)

Contingencies (Note 14)

Subsequent Events (Note 15)

Approved on behalf of the Board:

/s/ David Mark

Director

/s/ Terry Severs

President, CEO and Director

The accompanying notes are an integral part of these consolidated financial statements.

Bullion Gold Resources Corp.
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Year Ended December 31,	
		2014	2013
Operating expenses			
Administrative services	9	\$ -	\$ 31,438
Depreciation	7	759	1,040
Management fees (salaries)	9	97,500	75,675
Interest and penalties		44,449	114,802
Investor relations and promotion		2,647	3,800
Office expenses		3,028	10,331
Rent		-	13,694
Professional fees		16,002	43,848
Regulatory fees		11,708	11,054
Travel expenses		-	2,425
Share-based payments	8	10,000	-
Total Operating Expenses		186,093	308,107
Interest income		(73)	(55)
Write-down of exploration and evaluation assets	6	-	3,901,643
Net Loss Before Income Taxes		186,020	4,209,695
Deferred tax expense (recovery) – deferred tax liability	12	-	(232,000)
Net and Comprehensive Loss		\$ 186,020	\$ 3,977,695
Basic and Diluted Loss per share		\$ (0.01)	\$ (0.23)
Weighted average number of shares outstanding			
Basic and Diluted		17,168,545	17,103,160

The accompanying notes are an integral part of these consolidated financial statements

Bullion Gold Resources Corp.
(An Exploration Stage Company)
Consolidated Statements of Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital (Number)	Share Capital	Share Subscriptions Received	Contributed Surplus	Accumulated Deficit	Total
December 31, 2012	17,103,160	\$ 5,423,767	\$ -	\$ 845,512	\$ (3,172,988)	\$ 3,096,291
Subscriptions received	-	-	25,000	-	-	25,000
Net loss for the year	-	-	-	-	(3,977,695)	(3,977,695)
December 31, 2013	17,103,160	5,423,767	25,000	845,512	(7,150,683)	(856,404)
Private placement	701,928	7,020	(25,000)	28,077	-	10,097
Share-based Compensation	-	-	-	10,000	-	10,000
Net loss for the year	-	-	-	-	(186,020)	(186,020)
December 31, 2014	17,805,088	\$ 5,430,787	\$ -	\$ 883,589	\$ (7,336,703)	\$ (1,022,327)

The accompanying notes are an integral part of these consolidated financial statements

Bullion Gold Resources Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2014	2013
Cash flows from operating activities		
Net loss for the year	\$ (186,020)	\$ (3,977,695)
Adjustments for items not affecting cash		
Depreciation	759	1,040
Foreign exchange	49	-
Deferred tax expense (recovery)	-	(232,000)
Share-based payments	10,000	-
Write-down of exploration and evaluation assets	-	3,901,643
Changes in non-cash working capital items		
Accounts receivable	4,736	2,067
Prepaid expenses	-	-
Accounts payable and accrued liabilities	34,583	157,401
Due to related parties	107,072	37,468
Cash used in operating activities	(28,821)	(110,076)
Cash flows from financing activities		
Proceeds from issuance of common shares	10,097	-
Proceeds from loans	19,565	-
Repayment of loans	(2,500)	-
Share subscriptions received	-	25,000
Cash provided by financing activities	27,162	25,000
Cash flows from investing activities		
Reclamation deposit received	-	8,500
Option payments received	-	45,000
Cash provided by investing activities	-	53,500
Decrease in cash for the year	(1,659)	(31,576)
Cash, beginning of year	6,925	38,501
Cash, end of year	\$ 5,266	\$ 6,925

The accompanying notes are an integral part of these consolidated financial statements

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Bullion Gold Resources Corp. (the "Company") was incorporated under the laws of the Province of Alberta on March 30, 2005. The principal business activity of the Company became the acquisition and exploration of resource properties. The Company is engaged in the exploration and development of mineral properties in British Columbia and has not yet determined whether its properties contain ore reserves that are economically recoverable.

The head office and principal address of the Company is Unit 102 – 1949 Beach Avenue, Vancouver, British Columbia, Canada, V6G 1Z2. The Company's registered and records office is 1710, 801- 6th Avenue S. W., Calgary, Alberta, Canada, T2P 3W2.

These consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company currently has no revenues from operations. The operations of the Company have been funded by equity financings through the issuance of common shares. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success.

The Company incurred a net loss of \$186,020 for the year ended December 31, 2014 (2013 - \$3,977,695) and had a working capital deficit at December 31, 2014 of \$1,025,896 (2013 - \$860,732) and a deficit of \$7,336,703 (2013 - \$7,150,683).

As at December 31, 2014 the Company does not have sufficient cash to meet minimum general administration expenses for the year ending December 31, 2015. This material uncertainty casts significant doubt upon the ability of the Company to continue as a going concern. The Company plans to secure additional funds as required through future equity financings.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements of the Company for the years ending December 31, 2014 and 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC")

The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2015.

Bullion Gold Resources Corp.
 (An Exploration Stage Company)
Notes to the Consolidated Financial Statements
 For the Year Ended December 31, 2014
 (Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All inter-company transactions and balances are eliminated on consolidation.

	Jurisdiction	Nature of Operations	Ownership	
			2014	2013
Bullion Gold Corp. ("Bullion")	British Columbia ("B.C."), Canada	Exploration	100%	100%

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

c) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for 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.

d) Foreign Currencies

The presentation currency and the functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items are measured using historical rates.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted for the years ending December 31, 2014 and 2013 and have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Cash and Cash Equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing purposes. The Company did not have cash equivalents as of December 31, 2014 and 2013.

b) Financial Instruments

Financial instruments are classified into one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the statements of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value depend on their initial classification. Fair value through profit or loss financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income or loss until the instrument is derecognized or impaired.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data

The Company has measured cash at fair value using level 1 inputs. Accounts receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

Impairment of financial assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial Instruments (Continued)

Impairment of financial assets (Continued)

For all other financial assets objective evidence of impairment could include:

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

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

c) Property, Plant and Equipment

Items of property, plant and equipment are recorded at cost and depreciated over their estimated useful lives. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The Company's depreciation method is the straight-line method based on the estimated useful lives at the following rates:

Office furniture	5 years
Computer equipment	3 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government mining tax credits are applied against exploration and evaluation assets when there is reasonable assurance they will be receivable.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties 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 may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is recognized in the statement of comprehensive loss, except to the extent they reverse gains previously recognized in other comprehensive income or loss.

f) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Management has determined that there are no decommissioning liabilities based on the facts and circumstances that exist as at December 31, 2014 and 2013.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Share Capital

i) Non-monetary consideration

Agent's warrants, stock options and other equity instruments issued as purchase consideration in non-monetary transactions is valued by management using the Black-Scholes option pricing model. Consideration for exploration and evaluation assets are recorded at fair value based on the fair value of the shares issued which is the trading price of those shares on the TSX.V on the date in which the shares are issued. Proceeds from unit placements are allocated between shares and warrants issued based on the residual value method.

ii) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through share premium liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The flow-through share premium and the related deferred tax is recognized as a deferred tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the premium liability resulting from proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through premium liability.

The Company is also subject to Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

iii) Share-based payments

The Company's share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share Capital (Continued)

iii) Share-based payments (Continued)

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

iv) Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

i) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that the Company has deferred tax benefits that can be offset or relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Loss per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by dividing the loss for the period by the the weighted average number of common shares outstanding by assuming that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Basic and diluted loss per share is equal as outstanding stock options and warrants were all anti-dilutive.

k) Future Accounting Pronouncements Not Yet Adopted

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Company has not yet assessed the impact of the standards or determined whether it will adopt the standards early.

During the Annual Improvements 2010-2012 Cycle, the following amendments were made to the below standards:

- IFRS 2 — Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed

These amendments do not have a significant impact in the Company's financial statements. The amendments are effective for annual periods on or before July 1, 2014. The Company will adopt the amendments beginning January 1, 2015.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Bullion Gold Resources Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Other Financial Liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

b) The inputs used in accounting for share-based payments expense in the statements of comprehensive loss.

5. RECLAMATION DEPOSIT

The Company posted deposits with the B.C. Ministry of Finance as security towards future site restoration work which will be released to the Company upon satisfactory completion of that work. The deposits have been posted in relation to the Cariboo property in B.C. During the 2013 fiscal year, the Company redeemed two of those deposits totalling \$8,500 as the Company does not intend to work on the properties in the near future.

6. EXPLORATION AND EVALUATION ASSETS

Bullion Gold Corp. Property, Cariboo Mining Division, British Columbia, Canada

In July 2006, the Company entered into an agreement to acquire a 100% interest in the Cariboo Goldfields property which consists of certain claims located in the Cariboo mining division from a group of individuals, one of which was a former director of the Company, in consideration for \$100,000 and 1,333,333 common shares of the Company valued at a total of \$3. The claims are subject to a 1% net smelter return royalty ("NSR") and certain claims are subject to a 2% NSR. The Company agreed to pay a former director of the Company an annual advance royalty of \$50,000 on each anniversary of the date of the agreement, the aggregate of which is deducted from any NSR payable. The Company reviewed the terms of the advance royalty agreement and determined that the advance royalty payments are unenforceable and as a result, has written-off the amounts due to the former director of the Company against exploration and evaluation assets in the amount of \$101,963 during the year ended December 31, 2012 (Note 9).

In April 2011, the Company entered into, through its wholly owned subsidiary (Bullion Gold Corp.), an earn-in option agreement with Newmont Canada Corporation ("Newmont"), a subsidiary of Newmont Mining Corp., in relation to the Company's Tac Property. The Agreement encompasses claims, comprising 16,180 hectares, within the boundary of the Bullion Property, which is within the Company's Cariboo Goldfields Property.

The Agreement called for a 2 phase earn-in process. Phase 1 consists of a 5 year, \$2,500,000 minimum aggregate work expenditure for Newmont to earn a 51% interest with a minimum first year commitment of \$100,000 (incurred). The Agreement also provides the Company cash payments in the aggregate of \$375,000 by Newmont annually over the Phase 1 earn-in, with the minimum first year payment of \$15,000 (received). During the first quarter of 2013, the Company received an additional \$45,000 option payment.

In October of 2013, Newmont informed the Company they are discontinuing their Phase 1 earn-in. The Company is currently reviewing all options, including additional earn-in agreements.

Bullion Gold Resources Corp.

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6. EXPLORATION AND EVALUATION ASSETS (continued)

During the years ended December 31, 2014 and 2013, the Company did not have substantive expenditures on the Bullion Property. The Company has no current plans to explore and evaluate mineral resources until the Company can raise sufficient funding. As a result, management decided to write-off the capitalized costs associated with the Bullion Property in 2013.

Bullion Gold Corp. Property, Cariboo Mining Division, British Columbia, Canada (Continued)

	DECEMBER 31, 2014	DECEMBER 31, 2013
Acquisition costs:		
Balance, beginning of year	\$ -	\$ 831,236
Additions:		
Payments (receipts) under option agreements	-	(45,000)
Staking costs and tenure payments	-	-
Write-off of acquisition costs	-	(786,236)
Balance, end of year	-	-
Exploration costs:		
Balance, beginning of year	-	3,109,124
Additions:		
Assay	-	-
Geological	-	6,283
Camp and general	-	-
Government grant and assistance	-	-
Write-off of exploration costs	-	(3,115,407)
Balance, end of year	-	-
Exploration and evaluation assets, end of year	\$ -	\$ -

7. PROPERTY, PLANT AND EQUIPMENT

	COMPUTERS	OFFICE EQUIPMENT	OFFICE FURNITURE	TOTAL
COST				
Balance, December 31, 2013 and 2014	\$ 3,593	\$ 2,913	\$ 1,089	\$ 7,595
ACCUMULATED DEPRECIATION				
Balance, December 31, 2012	\$ 1,746	\$ 2,913	\$ 1,068	\$ 5,727
Depreciation for the year	1,019	-	21	1,040
Balance, December 31, 2013	\$ 2,765	\$ 2,913	\$ 1,089	\$ 6,767
Depreciation for the year	759	-	-	759
Balance, December 31, 2014	\$ 3,524	\$ 2,913	\$ 1,089	\$ 7,526
CARRYING AMOUNTS				
December 31, 2013	\$ 828	\$ -	\$ -	\$ 828
December 31, 2014	\$ 69	\$ -	\$ -	\$ 69

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8. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares without par value.

b) Issued:

During the year ended December 31, 2014, the Company:

- issued 701,928 common share units at price of \$0.05 per unit for gross proceeds of \$35,097 of which \$7,020 was allocated to share capital and \$28,077 to share-based payments reserve. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant entitled the holder to acquire one common share at \$0.05 per common share for two years, expiring on November 27, 2016.

During the year ended December 31, 2013, the Company did not issue any common shares.

As at December 31, 2014, there are nil shares held in escrow (2013 – 166,682) which is subject to release at 5% every 6 months for the first 2 years then 10% thereafter after every 6 months. The shares which were held in escrow are related to the 5,000,000 shares which were originally issued on completion of the Company's qualifying transaction in 2008.

c) Warrants

A summary of the changes in warrants to acquire an equivalent number of shares as at December 31, 2014 and December 31, 2013 was as follows:

	WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Warrants outstanding, December 31, 2012	4,374,365	\$ 0.32
Expired	(2,714,365)	0.46
Granted	-	-
Warrants outstanding, December 31, 2013	1,660,000	0.10
Expired	(1,660,000)	0.10
Granted	701,928	0.05
Warrants outstanding, December 31, 2014	701,928	\$ 0.05

The Company had outstanding share purchase warrants as at December 31, 2014 as follows:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
701,928	\$ 0.05	November 27, 2016

As at December 31, 2014, the weighted average remaining contractual life of the share purchase warrants was 1.91 years (December 31, 2013 – 0.99 years) and the weighted average exercise price was \$0.05 (December 31, 2013 - \$0.10).

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8. SHARE CAPITAL (Continued)

d) Stock Options

Finder's options outstanding and exercisable are summarized as follows:

	NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
Outstanding, December 31, 2012	138,368*	\$0.33	July 25, 2013
Expired	(138,368)	\$0.33	
Balance, December 31, 2013 and 2014	-	-	

*The finder's options were exercisable at \$0.33 into finder's units. Each finder's unit consisted of one common share and one common share purchase warrant, entitling the holder to purchase an additional common share at a price of \$0.45 per common share until July 25, 2013.

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company exercisable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares at the date of the grant. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX.V policy), or such other price as may be agreed to by the Company and accepted by the TSX.V. Options vest on terms determined by the directors and may be vested immediately on the grant date. Stock options granted to consultants providing investor relations activities under the Plan are subject to minimum vesting restrictions such that one-quarter of the option shall vest on each of the grant date and three, six and twelve months thereafter.

A summary of the changes in stock options as at December 31, 2014 and December 31, 2013 as follows:

	STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, December 31, 2012	533,328	\$ 0.51
Cancelled	(16,666)	0.54
Options outstanding, December 31, 2013	516,662	0.51
Granted	1,000,000	0.05
Options outstanding, December 31, 2014	1,516,662	\$ 0.21

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8. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

The Company had outstanding and exercisable stock options as at December 31, 2014 as follows:

NUMBER OF OPTIONS OUTSTANDING	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
66,666	66,666	\$ 0.54	June 15, 2015
283,331	283,331	\$ 0.54	January 20, 2016
66,666	66,666	\$ 0.54	May 18, 2016
99,999	99,999	\$ 0.36	January 5, 2017
1,000,000	1,000,000	\$ 0.05	January 2, 2019
1,516,662	1,516,662	\$ 0.21	

As at December 31, 2014, the weighted average remaining contractual life of the options was 3.05 years (December 31, 2013 – 2.21 years), and the weighted average exercise price was \$0.21 (December 31, 2013 - \$0.51).

Stock-Based Compensation

- The Company did not issue share options during the year ended December 31, 2013.
- On January 2, 2014, the Company granted 1,000,000 incentive stock options to the directors, officers, and employees of the Company for a period of 5 years to acquire common shares of the Company at \$0.05 per share. The fair value of the share-based payment was estimated on the date of grant in the amount of \$10,000 with the following assumptions: i) exercise price per share of \$0.05; ii) expected share price volatility of 291.60%; iii) risk free interest rate of 1.93%; iv) expected life of 5 years; and v) no dividend yield.

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9. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

At December 31, 2014, \$55,240 (December 31, 2013 - \$48,118) is due to a company controlled by a director related to exploration work, \$51,450 (December 31, 2013 - \$11,500) is due to a company that the current CFO is President and Director of related to management fees, \$74,500 (December 31, 2013 - \$14,500) is due to the CEO related to management fees and \$20,713 (December 31, 2013 - \$20,713) is due to a company controlled by the former CFO related to administrative fees. The amount payable to the company controlled by the former CFO have been included in accounts payable for the current year.

Key Management Compensation

During the years ended December 31, 2014 and 2013, the compensation shown below was paid or accrued to the Company's CEO, CFO, and other key management having authority and responsibility for planning, directing and controlling the activities of the Company:

	YEARS ENDED DECEMBER 31,	
	2014	2013
Management fees (current management)	\$ 97,500	\$ 75,000
Administration fee (previous management)	-	31,438
Share-based payments	7,000	-
	<u>\$ 104,500</u>	<u>\$ 106,438</u>

Loans Payable

During the year, the Company entered into several loan agreements that are all due on demand and have no other terms or conditions attached, including no interest.

	DECEMBER 31, 2014	DECEMBER 31, 2013
Balance, beginning of the year	\$ -	\$ -
Additions	19,565	-
Payments	(2,500)	-
Foreign exchange	49	-
Balance, end of the year	\$ 17,114	\$ -

Of the \$19,565, \$10,000 was received from a former director, \$5,000 was received from a Company that the current CFO is a president and director of and \$2,750 from a current director. The remaining \$1,815 was provided by an unrelated party. The payment of \$2,500 was made to a Company that the current CFO is a president and director of.

10. CAPITAL MANAGEMENT

The Company includes cash and equity, comprising issued common shares, subscriptions received and share-based payment reserve, in the definition of capital.

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 mineral properties. 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 properties in which the Company currently has an interest are in the exploration stage; and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

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10. CAPITAL MANAGEMENT (Continued)

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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

11. RISK MANAGEMENT

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, accounts receivables and reclamation bond.

The Company's cash is held in a Canadian chartered bank, which is a high-credit quality financial institution. The Company's receivables primarily consist of sales tax rebates due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of \$5,266 to settle current liabilities of \$1,025,896. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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11. RISK MANAGEMENT (Continued)

Foreign currency rate risk

The Company has a loan payable denominated in US dollars. As a result, currency exchange fluctuations may impact the costs of our operations. A 10% increase/decrease in the foreign exchange rate would result in an impact of \$200 on the Company's net loss.

Sensitivity analysis

The carrying value of cash, receivables, accounts payable and accrued liabilities, loans payable and due to related parties, approximate their fair values due to the relatively short periods to maturities of these financial instruments.

12. INCOME TAXES

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

	2014	2013
Net loss before income taxes	\$ (186,020)	\$ (4,209,695)
Income tax recovery at statutory rates	\$ (48,000)	\$ (1,084,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	(51,000)
Permanent differences	3,000	29,000
Change in unrecognized deductible temporary differences	45,000	874,000
Deferred tax recovery (expense)	\$ -	\$ (232,000)
Deferred tax recovery – flow through premium	\$ -	\$ (232,000)
Net deferred tax recovery (expense)	\$ -	\$ (232,000)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2014	2013
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 635,000	\$ 635,000
Non-capital losses	944,000	886,000
Share issue costs	9,000	22,000
Property, plant and equipment	3,000	3,000
Unrecognized deferred tax assets (liabilities)	\$ 1,591,000	\$ 1,546,000

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12. INCOME TAXES (Continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2014	Expiry dates	2013	Expiry dates
Share issue costs	\$ 38,000	2035-2036	\$ 84,000	2034-2036
Exploration and evaluation assets	1,957,000	N/A	1,957,000	N/A
Investment tax credit	170,000	2025-2033	170,000	2025-2033
Non-capital losses available for future periods	3,628,000	2015-2034	3,407,000	2015-2033
Property, plant and equipment	9,000	N/A	9,000	N/A

Tax attributes are subject to review and potential adjustments by tax authorities

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in British Columbia, Canada.

14. CONTINGENCIES

During the year ended December 31, 2012, former senior officers of the Company filed a claim in the B.C. Supreme Court against the Company, claiming damages for alleged deferred and unpaid wages accrued to the date of their termination, together with damage claims for severance for wrongful dismissal at approximately \$161,760 plus costs and interest. The Company is denying all claims and has counterclaimed against the former senior officers' of the Company for \$53,750 for wrongful payment of salary to which they were not entitled to. Further to a review of previous income taken by the senior officers, the Company is planning to increase the amount of the counterclaim. On September 26, 2013, the former senior officers amended the claim to remove the \$161,760 plus costs and interest. The former senior officers instead made an employment standards complaint against the Company for \$161,760.

During the year ended December 31, 2014, the employment standards complaint was reviewed and both parties submitted several documents to support their position. The Company received a decision on the claims in September 2014 that the claims had been denied and the Company had successfully defended itself against the claim.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the Company was loaned \$5,000 from a company that the CFO is president and director of. The loan is due on demand and does not have any terms or conditions attached to it, including no stated interest rate.