

## **GOLD BULLION DEVELOPMENT CORP.**

Suite 1005, 1155 Rene Levesque West  
Montreal, Quebec H3B 2J2  
Tel: 514-397-4000 / Fax: 514-397-4002

February 22, 2013

### **TO OUR SHAREHOLDERS**

From the Desk of Frank J. Basa, Chairman, President and CEO

Last year saw the Company issue 36 press releases encompassing the backlogged and new drill results, a NI-43-101 Technical Report and update, new targets, the LONG bars zone expansion and a positive PEA. All major reports came in on budget as scheduled.

Value and price can only stay disconnected for so long. The market is valuing our gold in the ground at a fraction of its true value, a situation that cannot last indefinitely. As the largest long-term investor, I share the frustration felt by many.

To create the highest degree of transparency possible and foster timely communication, I spearheaded what is to my knowledge an industry first in setting up the Gold Forum. I thank everyone that has taken the time to post questions, all of which I have personally answered. All of the feedback about the Forum has been positive with hundreds of investors now registered.

We are continuing to drive the agenda. Even in these challenging times we recently closed a private placement well above market, and are awaiting a report on the economics of what I call a rolling start.

The Annual General Meeting is just around the corner and I invite you to join us in Montreal on March 22<sup>nd</sup> at 10:00 a.m. to meet and discuss the promising future ahead for Gold Bullion.

Sincerely,

*Frank J. Basa*

Frank J. Basa, P. Eng.  
Chairman, President and Chief Executive Officer



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## **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TAKE NOTICE** that the Annual General Meeting (the "Meeting") of the shareholders of Gold Bullion Development Corp. (the "Company") will be held at Le Centre Sheraton Montreal Hotel, 1201 Boulevard Rene Levesque West, Montreal, Quebec on Friday, March 22, 2013 at 10:00 a.m. (Quebec time), for the following purposes:

1. To receive the audited financial statements of the Company for its financial year ended June 30, 2012 and the report of the auditors thereon.
2. To set the number of directors of the Company to be elected at five (5).
3. To elect directors of the Company for the ensuing year.
4. To appoint auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration for the ensuing year.
5. To ratify and approve continuation of the Company's Share Option Plan as more particularly described in the Information Circular and to authorize the directors to make modifications thereto in accordance with the Share Option Plan and the policies of the TSX Venture Exchange.
6. To consider any permitted amendment to or variation of any matter identified in this Notice and to transact such other business as may properly come before the Meeting or any adjournment thereof. Management is not currently aware of any other matters that could come before the Meeting.

Accompanying this Notice of Annual General Meeting are: (1) a letter to shareholders from the President and Chief Executive Officer of the Company; (2) a Management Information Circular, which provides additional information relating to the matters to be dealt with at the Meeting; (3) a Form of Proxy or Voting Instruction Form; (4) a return envelope for use by the shareholders to send in their Proxy or Voting Instruction Form; and (5) a financial statement request form for use by shareholders who wish to receive the Company's future audited financial statements and/or interim financial statements together with related Management's Discussion and Analysis. The report of the auditor and the audited financial statements of the Company for the financial year ended June 30, 2012 together with the related Management's Discussion and Analysis can be accessed through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

The record date for the determination of the shareholders entitled to receive this Notice and to vote at the Meeting has been established as February 15, 2013.

**Shareholders who cannot attend the Meeting in person may vote by proxy if a registered shareholder or provide voting instructions if a non-registered shareholder. Instructions for voting by registered shareholders or providing voting instructions by non-registered shareholders by mail, by phone and over the internet are included in the Management Information Circular. To be valid, proxies must be received by Computershare Investor Services Inc., the Company's transfer agent at 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment thereof. The Chairman of the Meeting has the discretion to accept late proxies.**

**DATED** at Montreal, in the Province of Quebec, this 22<sup>nd</sup> day of February, 2013.

**BY ORDER OF THE BOARD**

*"Frank J. Basa"*

**Frank J. Basa  
Chairman, President, Chief Executive Officer and Director**

# **GOLD BULLION DEVELOPMENT CORP.**

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Tel: 514-397-4000 / Fax: 514-397-4002

## **INFORMATION CIRCULAR**

as at February 22, 2013

**This information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of GOLD BULLION DEVELOPMENT CORP. (the “Company” or “Gold Bullion”) for use at the Annual General Meeting of shareholders of the Company (the “Meeting”) to be held on Friday, March 22, 2013 at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting.**

Notice of the Meeting was provided to the TSX Venture Exchange and to the securities commissions in each jurisdiction where the Company is a reporting issuer under applicable securities laws.

“Non-Registered Shareholders” means shareholders who do not hold common shares in their own name and “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders of the common shares held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements by them in so doing.

### **Appointment and Revocation of Proxyholders**

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act the Meeting for the shareholder on the shareholder’s behalf.

The individuals named in the accompanying form of proxy are directors of the Company (the “Management Designees”). **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting other than either of the Management Designees.** Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to Computershare Investor Services Inc., Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 in time for use at the Meeting in the manner specified in the Notice of Meeting and Information Circular.

A Registered Shareholder of the Company who has given a proxy may revoke the proxy at any time prior to use by:

- (a) depositing an instrument in writing, including another completed proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the

registered and records office of the Company, Suite 401, 1231 Barclay Street, Vancouver, British Columbia V6E 1H5, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof, (ii) with Computershare Investor Services Inc., Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof;

- (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be; or
- (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a form of proxy may revoke it by contacting the Intermediary through which the Non-Registered Shareholder's common shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

### **Voting by Proxyholder**

The Management Designees named in the form of proxy will vote or withhold from voting the common shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your common shares will be voted accordingly. The proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**THE COMMON SHARES REPRESENTED BY THE ACCOMPANYING FORM OF PROXY WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER, HOWEVER, IF SUCH A DIRECTION IS NOT MADE IN RESPECT OF ANY MATTER, THIS PROXY WILL BE VOTED AS RECOMMENDED BY MANAGEMENT.**

### **Registered Shareholders**

If you are a Registered Shareholder, you may elect to submit a proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc., by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed proxy for the toll free number, the holder's account number and the proxy access number; or
- (c) using the internet through the website of the Company's transfer agent at [www.computershare.com/ca/proxy](http://www.computershare.com/ca/proxy).

Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed form of proxy for the holder's account number and the proxy access number; in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

### **Non-Registered Shareholders**

Only Registered Shareholders of the Company, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, common shares beneficially owned by a person (a "Non-Registered Shareholder") are registered either:

- (a) in the name of an intermediary (an "Intermediary") with whom the Non-Registered Shareholder deals in respect of the common shares (Intermediaries include, among others: banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, Information Circular and its form of proxy (collectively the "Meeting Materials") to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "voting instruction form"), which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of common shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc., Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the common shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered.

## **Exercise of Discretion by Proxies**

The common shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder thereon. In the absence of instructions, such common shares will be voted for each of the matters referred to in the Notice of Meeting as specified thereon.

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof. At the date hereof, management of the Company knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Company should properly be brought before the Meeting, or any adjournment thereof, the common shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

## **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Company or the duly appointed attorney of the shareholder of the Company authorized in writing or, if the shareholder of the Company is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Company or in some other representative capacity, including an officer of a corporation which is a shareholder of the Company, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Company.

A shareholder of the Company or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

### **Record Date**

The Board of Directors of the Company have fixed February 15, 2013 as the record date (the "Record Date") for the determination of shareholders entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting.

### **Description of Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value. As at February 15, 2013, the Company had outstanding 228,486,974 fully paid and non-assessable common shares without par value, each common share carrying the right to one vote. The Company has no other classes of voting securities.

### **Ownership of Securities of the Company**

To the knowledge of the directors and executive officers of the Company, no individual person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, common shares carrying more than 10% of the voting rights attached to the common shares of the Company.

The directors and officers of the Company collectively own or control, directly or indirectly, in the aggregate, 8,658,225 common shares of the Company, representing approximately 3.79% of the outstanding common shares as at February 15, 2013.

## **VOTES NECESSARY TO PASS RESOLUTIONS**

The Articles of the Company provide that at least one person present in person or by proxy, being a shareholder entitled to vote thereat or a duly appointed proxy holder or representative for a shareholder so entitled constitutes a quorum for the Meeting in respect of holders of the common shares. If such a quorum is not present in person or by proxy, the Company will reschedule the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each share registered in his name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting.

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an "ordinary resolution") unless the motion requires a special resolution in which case a majority of 66 2/3% of the votes cast will be required (a "special resolution"). If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

### **Recommendation of the Board**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF ALL RESOLUTIONS.**

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **A. Named Executive Officers**

For the purposes of this Information Circular, a named executive officer ("Named Executive Officer") of the Company means each of the following individuals:

- (a) "CEO" means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (b) "CFO" means an individual who acted as chief financial officer of the Company; or acted in a similar capacity, for any part of the most recently completed financial year;
- (c) each of the Company's three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 of National Instrument 51-102 which deals with Continuous Disclosure Obligations, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

### **B. Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation objectives and processes and to discuss compensation decisions relating to its Named Executive Officers listed in the Summary Compensation Table that follows. During its financial year ended June 30,

2012, the following individuals were Named Executive Officers (as defined in applicable securities legislation) of the Company, namely:

1. Frank J. Basa, Chairman, President and Chief Executive Officer from June 18, 2004 to present. Frank Basa was also Acting Chief Financial Officer from October 10, 2008 to July 3, 2009 and has been President and Chief Executive Officer of Castle Silver Mines Inc., the Company's wholly owned subsidiary, since its incorporation on March 10, 2011 to present.
2. Thomas P. Devlin, Chief Financial Officer of the Company from July 3, 2009 to present. He was also Chief Financial Officer of Castle Silver Mines Inc. from March 10, 2011 to February 15, 2013.

Roger Thomas, the Corporate Secretary, is the only other officer of the Company. He has held the position since March 19, 2010.

The Company is an exploration stage company and currently has interests in exploration and development properties in Canada, namely the Granada Gold Property located in Rouyn-Noranda, Quebec, the Beaver and Violet silver properties located in the township of Coleman, Ontario and, through its wholly-owned subsidiary, Castle Silver Mines Inc., the Castle Silver Mine Property in Gowganda, Ontario. Substantially all of the Company's efforts are devoted to financing and developing these properties, with the emphasis on the Granada Gold Property. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

The Company has, as of yet, no significant revenues from operations and often operates with limited financial resources to ensure that funds are available to complete scheduled programs. As a result, the Board of Directors has to consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company in the mid- and long-term. An important element of executive compensation is that of stock options, which do not require cash disbursement by the Company. Additional information about the Company and its operations is available at its website <http://www.goldbulliondevelopmentcorp.com>, and in its audited financial statements and Management's Discussion & Analysis for the year ended June 30, 2012, which were filed with regulators on October 29, 2012 and are available for viewing through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

### *Compensation Objectives and Principles*

Given the Company's current size and stage of development, the Board of Directors has not appointed a compensation committee and accordingly the Board as a whole is responsible for determining the compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and directors to ensure that such arrangements reflect the responsibilities and risk associated with each position. Management directors are required to abstain from voting in respect of their own compensation thereby providing the independent members of the Board with considerable input as to executive compensation.

The Board reviews on an annual basis the corporate goals and objectives relevant to executive compensation, evaluates each executive officer's performance in light of those goals and objectives and sets the executive officer's compensation level based, in part, on this evaluation. The Board also takes into consideration the Company's overall performance, shareholder returns and the awards given to executive officers in past years. The Board may also take into consideration the value of similar incentive awards to executive officers at comparable junior resource companies listed on the TSX Venture Exchange, however, as of the date of this Information Circular, no specific companies or selection criteria for the establishment of a benchmark group have been identified by the Board.

### *Compensation Process*

Executive compensation is comprised of three elements: (i) base fee or salary (or alternatively in the form of consulting fees); (ii) short-term incentive compensation (discretionary cash bonuses); and (iii) long-term incentive compensation (stock options). The Board reviews all three components in assessing the compensation of individual executive officers and of the Company as a whole.

Base fees, salaries or consulting fees and bonuses are intended to provide current compensation and a short-term incentive for executive officers to meet the Company goals, as well as to remain competitive with the industry. Base fees, salaries or consulting fees are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the executive officers and the amount of time and energy devoted to the Company's business and affairs. See "Termination of Employment, Change in Responsibilities and Employment Contracts" below for a summary of the services provided to the Company by certain executive officers of the Company or private companies controlled by such officers. Executive officers are also eligible to receive discretionary bonuses as determined by the Board based on each officer's responsibilities, his or her achievement of individual and corporate objectives and the Company's financial performance. No cash bonuses were paid to the Company's executive officers for the financial year ended June 30, 2012. See "Summary Compensation Table" below.

Stock options are an important part of the Company's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the Company's shares over a stated period of time, and is intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance, as measured through the price of the Company's shares and enables executives to acquire and maintain a significant ownership position in the Company. See "Option-Based Awards" below.

#### *Option Based Awards*

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's share option plan to receive grants of stock options. Individual stock options are granted by the Board as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long term contribution to the Company will be crucial to its long-term success.

Stock options are normally granted by the Board when an executive officer first joins the Company based on his or her level of responsibility with the Company. Additional grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within the Company. The Board also evaluates the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering further grants.

#### *Risks Associated with Compensation Policies and Practices*

The Company's compensation policies and practices are intended to align management incentives with the long-term interests of the Company and its shareholders. In each case, the Company seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements, (iii) spreading compensation across short and long-term programs; and (iv) vesting of stock options over a period of time.

#### *Financial Instruments*

The Company does not currently have a policy with respect to whether or not a Named Executive Officer or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

### **C. Summary Compensation Table**

The following table contains information about the compensation paid to, or earned by, those who were during the financial year ended June 30, 2012 the Company's Named Executive Officers.

| Name and principal position  | Year | Salary (\$) | Share based awards (\$) | Option based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation (\$) |                           | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|------|-------------|-------------------------|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
|  |      |             |                         |   | Annual incentive plans                      | Long-term incentive plans |                    |                             |                         |
| Frank J. Basa <sup>(2)</sup><br>Chairman, President,<br>CEO, Former Acting<br>CFO and Director | 2012 | Nil         | Nil                     | 192,000 <sup>(3)</sup>                  | Nil   | Nil                       | Nil                | 502,628 <sup>(4)</sup>      | 694,628                 |
|  | 2011 | Nil         | Nil                     | 489,600 <sup>(3)</sup>                  | Nil   | Nil                       | Nil                | 329,175 <sup>(4)</sup>      | 818,775                 |
|  | 2010 | Nil         | Nil                     | 1,347,600 <sup>(3)</sup>                | Nil   | Nil                       | Nil                | 274,382 <sup>(4)</sup>      | 1,621,982               |
| Thomas P. Devlin <sup>(5)</sup><br>CFO   | 2012 | Nil         | Nil                     | 72,000 <sup>(6)</sup>                   | Nil   | Nil                       | Nil                | 105,092 <sup>(7)(8)</sup>   | 177,092                 |
|  | 2011 | Nil         | Nil                     | Nil                                     | Nil   | Nil                       | Nil                | 70,326 <sup>(7)(8)</sup>    | 70,326                  |
|  | 2010 | Nil         | Nil                     | 198,000 <sup>(6)</sup>                  | Nil   | Nil                       | Nil                | 43,710 <sup>(7)(8)</sup>    | 241,710                 |

Notes:

- (1) The estimated fair value of the stock options granted during the financial years ended June 30, 2012, 2011 and 2010 was determined using a Black-Scholes option pricing model with the following weighted average assumptions:
  - (a) for 2012, (i) risk free interest rate of 1.53%; (ii) expected volatility of 195%; (iii) expected dividend yield of 0.0%; and (iv) expected life (years) of 8.25;
  - (b) for 2011, (i) risk free interest rate of 2.00%; (ii) expected volatility of 157% - 176%; (iii) expected dividend yield of 0.0%; and (iv) expected life (years) of 5;
  - (c) for 2010, (i) risk free interest rate of 2.00%; (ii) expected volatility of 183% - 193%; (iii) expected dividend yield of 0.0%; and (iv) expected life (years) of 1 – 5 years.
 The Company chose the Black-Scholes model because it is recognized as the most common methodology for valuing option and doing value comparisons.
- (2) Frank J. Basa has been Chairman, President and Chief Executive Officer of the Company since June 18, 2004. He was Acting Chief Financial Officer of the Company from October 10, 2008 until July 3, 2009 when Thomas P. Devlin was appointed. He is also President and Chief Executive Officer of Castle Silver Mines Inc., the Company's wholly owned subsidiary, since its incorporation on March 10, 2011 to present.
- (3) The options granted in 2012 to purchase 1,200,000 shares at \$0.13 per share have been valued using an accounting value of \$0.16 per share. The options granted in 2011 to purchase 900,000 shares at \$0.48 per share were valued using an accounting value of \$0.544. The options granted in 2010 to purchase 600,000 shares at \$0.10 per share, 500,000 shares at \$0.10 and 2,278,000 shares at \$0.46 were valued using an accounting value of \$0.077, \$0.097 and \$0.55 per share, respectively.
- (4) Frank J. Basa received compensation pursuant to a management agreement dated January 1, 2007, as amended December 1, 2010, between Grupo Moje Limited, a company owned by Frank J. Basa, and Gold Bullion. Refer to "Termination of Employment, Change in Responsibilities and Employment Contracts" for details.
- (5) Thomas P. Devlin was appointed Chief Financial Officer of the Company July 3, 2009. He was also Chief Financial Officer of Castle Silver Mines Inc., the Company's wholly owned subsidiary, from March 10, 2011 to February 15, 2013.
- (6) The options granted in 2012 to purchase 450,000 shares at \$0.13 per share have been valued using an accounting value of \$0.16 per share. The shares granted in 2010 to purchase 360,000 shares at \$0.46 were valued using an accounting value of \$0.55 per share.
- (7) Thomas P. Devlin received compensation pursuant to a consulting agreement dated March 1, 2011, as amended February 1, 2012. Refer to "Termination of Employment, Change in Responsibilities and Employment Contracts" for details.
- (8) Based on exchange rate of US\$1 = CDN \$1.02 calculated as at June 30, 2012, US\$1 = CDN \$0.96 as at June 30, 2011, and US\$1 = CDN \$1.06 as at June 30, 2010.

## D. Incentive Plan Awards

### *Option-Based Awards and Share-Based Awards*

The following table sets out for each Named Executive Officer, the incentive stock options (option-based awards) and share-based awards, outstanding as at the financial year ended June 30, 2012.

| Name   | Option-based Awards                                     |                            |                        |   | Share-based Awards   |  |  |
|--|---|----------------------------|------------------------|---|--|--|--|
|  | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Frank J. Basa  | 600,000   | \$0.10                     | Sept. 9, 2014          | 6,000   | Nil  | Nil  | Nil  |
|  | 500,000   | \$0.10                     | Feb. 12, 2015          | 5,000   |  |  |  |
|  | 2,278,000   | \$0.46                     | June 21, 2015          | Nil   |  |  |  |
|  | 900,000   | \$0.48                     | October 6, 2015        | Nil   |  |  |  |
|  | 1,200,000   | \$0.13                     | January 4, 2022        | Nil   |  |  |  |
| Thomas P. Devlin   | 360,000   | \$0.46                     | June 21, 2015          | Nil   | Nil  | Nil  | Nil  |
| Notes:   |   |                            |                        |   |  |  |  |
| (1) The value of unexercised “in-the-money options” at the financial year-end is the difference between the option exercise price and the market value of the underlying stock on the TSX Venture Exchange (the “Exchange”) on June 29, 2012 (\$0.11), the last day the common shares traded on the Exchange for the financial year ended June 30, 2012. |   |                            |                        |   |  |  |  |

#### *Value Vested or Earned During the Year*

There was no value vested or earned during the year ended June 30, 2012 in respect of option-based awards, share-based awards and non-equity incentive plan compensation by Named Executive Officers of the Company. All option-based awards vest immediately upon date of grant.

#### **E. Pension Plan Benefits and Deferred Compensation Plans**

There are no pension plan benefits or deferred compensation plans in place for the Named Executive Officers.

#### **F. Termination of Employment, Change in Responsibilities and Employment Contracts**

The Company is not party to any compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive any compensation from the Company in the event of resignation, retirement or any other termination of employment of such persons, change of control of the Company of the Company, or a change in the Named Executive Officer’s responsibilities following a change of control, except as disclosed below:

##### *Chairman, President and Chief Executive Officer*

Effective January 1, 2007, the Company entered into a management agreement with Grupo Moje Limited (“Grupo”), a company owned by Frank J. Basa, a director, Chairman, President and Chief Executive Officer of the Company. The fee for management services is 20 ounces of gold per month. The dollar amount calculated is based on the price of gold which is quoted in U.S. dollars and converted into Canadian dollars on the same date as at the end of each quarter. Either party may terminate this engagement by giving four months’ notice to the other subject to certain provisions of the agreement. Effective December 1, 2010 this agreement was amended to require that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to Grupo equal to 240 ounces of gold with the dollar amounts to be calculated based on the price of gold on the date of termination of the agreement.

##### *Chief Financial Officer*

Effective March 1, 2011, the Company entered into a consulting agreement with Thomas P. Devlin, the Chief Financial Officer of the Company at a monthly fee of US \$6,000 per month. Either party may terminate this engagement by giving four months' notice to the other subject to certain provisions of the agreement. This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the company shall make a payment to the consultant of US \$72,000. Effective February 1, 2012, this agreement was amended as follows: The fee for consulting services is US \$8,000 per month and if the agreement is terminated by the Company upon or following a change in control or change of management the company shall make a payment to the consultant of US \$96,000.

Certain directors of the Company are also entitled to receive compensation from the Company in the event of change of control or change of control of the Company. Refer to "Management Contracts" below for details.

## **G. Compensation of Directors**

### *Compensation of Directors*

The Company does not pay its directors a fee for their services as such, except as disclosed herein in the form of consulting fees or grant of stock options. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors, and the Company may, from time to time, grant incentive stock options to purchase common shares to its directors.

The following table sets forth information in respect of all compensation paid to, or earned by, the directors of the Company during the financial year ended June 30, 2012, but excludes compensation paid to Frank Basa in his capacity as a director of the Company as he is a Named Executive Officer whose compensation is disclosed above.

| Name                  | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|-----------------------|------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| Roger Thomas          | Nil              | Nil                     | 96,000 <sup>(2)</sup>                   | Nil   | Nil                | \$102,000 <sup>(4)</sup>    | 198,000    |
| Jacques F. Monette    | Nil              | Nil                     | 96,000 <sup>(2)</sup>                   | Nil   | Nil                | Nil                         | 96,000     |
| Ronald J. Goguen, Sr. | Nil              | Nil                     | 96,000 <sup>(2)</sup>                   | Nil   | Nil                | Nil                         | 96,000     |
| Annemette Jorgensen   | Nil              | Nil                     | 48,000 <sup>(3)</sup>                   | Nil   | Nil                | 91,500 <sup>(5)</sup>       | 139,500    |

Notes:

- (1) The estimated fair value of the stock options granted during the year ended June 30, 2012 was determined using a Black-Scholes option pricing model with the following weighted average assumptions (i) risk free interest rate of 1.53%; (ii) expected volatility of 195%; (iii) expected dividend yield of 0.0%; and (iv) expected life (years) of 8.25. The Company chose the Black-Scholes model because it is recognized as the most common methodology for valuing option and doing value comparisons.
- (2) The options granted in 2012 to purchase 600,000 shares at \$0.13 per share have been valued using an accounting value of \$0.16 per share.
- (3) The options granted in 2012 to purchase 300,000 shares at \$0.13 per share have been valued using an accounting value of \$0.16 per share.
- (4) Roger Thomas received compensation pursuant to a consulting agreement dated July 1, 2010, as amended January 1, 2012. Refer to "Management Contracts" and "Termination of Employment, Change in Responsibilities and Employment Contracts" above for details.
- (5) Annemette Jorgensen received compensation pursuant to a consulting agreement dated December 1, 2010, as amended October 1, 2011. This amount includes fees paid to her as a consultant prior to her appointment as a director of the Company on April 12, 2012.

### *Option-Based and Share-based Awards to Directors*

The following table sets out for each director, other than a director who is also a Named Executive Officer, the incentive stock options (option-based awards) and share-based awards, outstanding as at the financial year ended June 30, 2012.

| <b>Name</b>           | Option-based Awards                                     |                            |   |   | Share-based Awards   |  |  |
|-----------------------|---|----------------------------|---|---|--|--|--|
|                       | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date                            | Value of unexercised in-the-money options <sup>(1)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Roger Thomas          | 400,000<br>760,000<br>600,000                           | \$0.10<br>\$0.46<br>\$0.13 | Sept. 9, 2014<br>June 21, 2015<br>January 4, 2022 | 4,000<br>Nil<br>Nil   | Nil  | Nil  |  |
| Jacques F. Monette    | 200,000<br>360,000<br>600,000                           | \$0.10<br>\$0.46<br>\$0.13 | Sept. 9, 2014<br>June 21, 2015<br>January 4, 2022 | 2,000<br>Nil<br>Nil   | Nil  | Nil  |  |
| Ronald J. Goguen, Sr. | 600,000<br>600,000                                      | \$0.35<br>\$0.13           | March 25, 2016<br>January 4, 2022                 | Nil<br>Nil  | Nil  | Nil  |  |
| Annemette Jorgensen   | 125,000<br>260,000<br>300,000                           | \$0.15<br>\$0.46<br>\$0.13 | March 3, 2015<br>June 21, 2015<br>January 4, 2022 | Nil<br>Nil<br>Nil   | Nil  | Nil  |  |

Notes:

(1) The value of unexercised “in-the-money options” at the financial year-end is the difference between the option exercise price and the market value of the underlying stock on the Exchange on June 29, 2012 (\$0.11), the last day the common shares traded on the Exchange for the financial year ended June 30, 2012.

### *Value Vested or Earned During the Year*

There was no value vested or earned during the year ended June 30, 2012 in respect of option-based awards, share-based awards and non-equity incentive plan compensation by directors of the Company. All option-based awards vest immediately upon date of grant.

### **H. Management Contracts**

The management functions of the Company are substantially performed by the directors and officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted. Refer to “Termination of Employment, Change in Responsibilities and Employment Contracts” for details of management contracts with executive officers of the Company.

#### *Roger Thomas, Director and Corporate Secretary*

Effective July 1, 2010, the Company entered into a consulting agreement with Roger Thomas, a director and Corporate Secretary of the Company at a monthly fee of \$7,500 per month. Either party may terminate this engagement by giving four months’ notice to the other, subject to certain provisions of the agreement. This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to the consultant of \$90,000. Effective January 1, 2012, this agreement was amended as follows: The fee for consulting services is \$9,500 per month and if the agreement is terminated by the Company upon or following a change in control or change of management the company shall make a payment to the consultant of \$114,000.

*Annemette Jorgensen, Director*

Effective December 1, 2010, the Company entered into a consulting agreement with Annemette Jorgensen, a consultant of the Company at a monthly fee of \$6,500 per month. Either party may terminate this engagement by giving four months' notice to the other, subject to certain provisions of the agreement. This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to the consultant of \$78,000. Effective October 1, 2011, this agreement was amended as follows: The fee for consulting services is \$8,000 per month and if the agreement is terminated by the Company upon or following a change in control or change of management the company shall make a payment to the consultant of \$96,000. Effective April 12, 2012 this consultant was appointed a director of the Company.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Equity Compensation Plan Information**

The only equity compensation plan which the Company has in place is its Share Option Plan (the "Plan") which was previously approved by shareholders of the Company on January 30, 2009. The Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of common shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation agreements, may not exceed 10% of the total number of issued and outstanding common shares at the date of grant. All current options expire on a date not later than ten years after the issuance of such option.

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as at the financial year ended June 30, 2012.

| Plan Category   | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br>(c) |
|---|--|--|--|
| Equity compensation plans approved by securityholders   | 17,590,000   | \$0.32   | 3,208,507 <sup>(1)</sup>   |
| Equity compensation plans not approved by securityholders   | N/A  |  | N/A  |
| Total   | 17,590,000   | \$0.32   | 3,208,507 <sup>(1)</sup>   |
| Notes:  |  |  |  |
| (1) Calculated based on 10% of the issued and outstanding share capital as at June 30, 2012 of 207,985,074 (being 20,798,507 less the number of options outstanding of 17,590,000. The stock options are governed by the Company's Share Option Plan, as more particularly described below. |  |  |  |

## **CORPORATE GOVERNANCE DISCLOSURE**

### **General**

Corporate governance relates to the activities of the board of directors of the Company (the "**Board**"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual

members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines, which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) also requires the Company to disclose annually in its Information Circular certain information concerning its corporate governance practices. As a “venture issuer” the Company is required to make such disclosure with reference to the requirements of Form 58-101F2, which disclosure is set forth below.

### **Structure and Composition**

The Board is responsible for overseeing the management of the Company and is currently composed of five directors, namely: Frank J. Basa, Roger Thomas, Jacques F. Monette, Ronald J. Goguen, Sr. and Annemette Jorgensen.

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Of the current directors, Jacques F. Monette and Ronald J. Goguen, Sr. are deemed to be “independent”.

Frank Basa, as Chairman, President and Chief Executive Officer of the Company, and Roger Thomas, Corporate Secretary are not independent by virtue of being officers of the Company and providing management and consulting services to the Company. In addition, Annemette Jorgensen is not independent by virtue of providing consulting services to the Company.

Since the beginning of the Company’s most recently completed fiscal year ended June 30, 2012 the Board has held one formal board meeting, of which all members of the Board attended. The majority of the Board’s decisions during the year were passed by way of written consent resolutions following informal discussions amongst the directors and management.

The Board is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for all material contracts, business transactions and all debt and equity financing proposals. The Board also takes responsibility for identifying the principal risks of the Company’s business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. In keeping with its overall responsibility for the stewardship of the Company, the Board is also responsible for the integrity of the Company’s internal control and management information systems and for the Company’s policies respecting corporate disclosure and communications.

The Board delegates to management, through the Chief Executive Officer and Chief Financial Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing the Company’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

## **Directorships**

As of the date of this Circular, certain directors of the Company are also directors and/or officers of other reporting issuers (or equivalent) in a Canadian jurisdiction or a foreign jurisdiction as follows:

| Name of Director      | Names of Other Reporting Issuers<br>of which the Director is a Director or Officer                    |
|-----------------------|---|
| Frank J. Basa         | Castle Silver Mines Inc.  |
| Roger Thomas          | Castle Silver Mines Inc.  |
| Ronald J. Goguen, Sr. | Colibri Resource Corporation<br>Landdrill International Inc.  |
| Jacques F. Monette    | Castle Silver Mines Inc.<br>Landdrill International Inc.<br>Fletcher Nickel Inc.<br>Excel Gold Mining |
| Annemette Jorgensen   | Nil   |

## **Mandate of the Board**

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees (see “Other Board Committees” below). In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. Board consideration and approval is also required for all material contracts, business transactions and all debt and equity financing proposals. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate and securities legislation and regulatory policies. However, as the Company grows, the Board will move to develop a formal written mandate.

The Board is not, however, involved in the day to day operations of the Company. Such operations are delegated to the Company's management, more specifically the President/CEO and CFO. Specifically, the Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

## **Orientation and Continuing Education**

The Company does not currently have any formal orientation for new directors and this is considered to be appropriate, given the Company's size and current level of operations. Orientation and education of new directors is carried out through an informal process. New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies and are provided with access to recent, publicly filed documents of the Company, technical reports and internal financial information. The Company also provides technical presentations and/or information to new

directors where necessary to ensure that they possess or have access to the technical skills and knowledge necessary for them to meet their obligation as directors.

In addition, the skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds who have, collectively, extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the Company's Board.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. On February 16, 2007 the Company adopted a formal Code of Conduct, a copy of which is available for viewing through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

The Company also adopted an Insider Trading Policy on August 18, 2006, a copy of which is available for viewing through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

The Board itself must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments and stock exchange policies, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board of Directors expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

### **Nomination of Directors**

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members, including both formal and informal discussions among Board members and the President/CEO, and the Board considers the advice and input from all directors regarding, *inter alia*, the appropriate size of Board, the necessary qualifications and skills of the Board as a whole and of each director individually, and the recommendation of new individuals willing to serve as directors who offer experience and expertise in an area of strategic interest to the Company as well as the ability to devote the time required.

### **Compensation**

The Company does not have a Compensation Committee.

Given its relatively small size the entire Board currently performs the functions of a Compensation Committee of the Company with the responsibility for reviewing the adequacy and form of compensation of executive officers and directors having regard to, among other things, the responsibilities and risks associated with each executive officer's and director's position, the Company's overall performance and shareholder returns.

### **Assessments**

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual director, but will consider implementing one in the future should circumstances warrant. Based on the Company's current size, its stage of development and the limited number of individuals on the

Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness and the effectiveness and contribution of its committees or individuals directors on an ad hoc basis.

### **Other Board Committees**

The current operations of the Company do not support a large Board of Directors and the Board has determined that the current composition of the Board is appropriate for the Company's current stage of development. Given its relative size the entire Board takes responsibility for the overall stewardship of the Company and accordingly, other than the Audit Committee, the Company does not have any other Board committees.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 (NI 52-110) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee (the "Audit Committee") and its relationship with its independent auditors, as set forth in the following:

### **Composition of the Audit Committee**

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

During the financial year ended June 30, 2012 and as at the date hereof, the Audit Committee consists of Frank J. Basa, Jacques F. Monette and Ronald J. Goguen, of which Frank Basa is the Chair. All members are directors of the Company. Frank Basa is not deemed to be independent in that he is an officer of the Company. Jacques F. Monette and Ronald J. Goguen are deemed to be independent. All members of the Audit Committee are "financially literate" as that term is defined in NI 52-110.

### **The Audit Committee's Charter**

The Company adopted a charter (the "Charter") of the Audit Committee on November 29, 2007, a copy of which may be viewed through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and forms part of the Management Information Circular filed November 30, 2007. A copy of the Charter was also filed on SEDAR on February 8, 2010.

#### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

*Meetings*

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

*Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

*Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

*External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the financial year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### *Other*

Review any related-party transactions.

## **Relevant Education and Experience**

### *Frank J. Basa, Chairman, President, CEO and Director*

Mr. Basa has over 28 years global experience in gold mining and development as a professional hydrometallurgical engineer with a focus in milling, gravity concentration, flotation, leaching and refining of precious and base metals. He graduated from McGill University with a B.A. in Engineering in 1983 and has been a member of the Professional Engineers of Ontario since 1987. He is President of Grupo Moje Ltd. And Mineral Recovery Management Services Corporation and a director, President and Chief Executive Officer of Castle Silver Mines Inc. since March 10, 2011, which company was incorporated as a wholly-owned subsidiary of Gold Bullion with the intention of taking over the silver assets and exploration activities currently carried on by Gold Bullion.

### *Jacques F. Monette, Director*

Mr. Monette is a career miner who has been engaged in every facet of underground mining for more than 40 years. He was previously employed as a Shaft Project Coordinator with Cementation Canada Inc. and he has also been the Vice President of Operations/Mining Division for Wabi Development Corp., Vice President Development for CMAC Mining Group, Operations Manager for Moran Mining and Tunneling, as well as Area Manager for J.S. Redpath Group. A director of Landdrill International Inc. from July 2008 to June 2011, and from September 2012 to present, he also served as their Vice President of Marketing. He is also a director of Castle Silver Mines Inc. since March 10, 2011.

### *Ronald J. Goguen, Sr.*

Mr. Goguen, Sr. is the founding shareholder of Landdrill International Inc.'s predecessor company, and he has been President and Chief Executive Officer of Landdrill International Inc. since taking them public in March 2006. He purchased his first exploration drilling company, Ideal Drilling, in 1980. In 1981, he added a second exploration drilling company and increased sales and net income significantly. Those companies were combined to become Major Drilling Group International Inc., a publicly traded company that has traded on the TSX Venture Exchange since March 1995. He served as President and Chief Executive officer until 2000 and during this time was a key driving force in building Major Drilling into one of the largest mineral drilling service companies in the world (33 operations in 15 countries). Since leaving Major Drilling in 2000, Mr. Goguen was chairman and co-founder of Beaver Brook Antimony Mine Inc., which is the largest antimony mine outside China. He remains one of its directors. He was a member of the board of directors of Northeast Bank of 20 years (1990 to 2010) and is currently a member of the board of directors of Colibri Resource Corporation. During 1995, he was named Atlantic Canada's Entrepreneur of the year as presented by Government General of Canada.

## **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

## **Pre-Approval Policies and Procedures**

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any de minimis non-audit services allowed by applicable law or regulation.

## **Exemption**

As a “venture issuer” as defined in NI 52-110, the audit committee of the Company relies on the exemption set forth in section 6.1 of NI 52-110 with respect to Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Bratt Fremeth Star, S.E.N.C. to the Company to ensure auditor independence. Fees incurred for audit and non-audit services in the last two financial years for audit fees are outlined in the following table:

| Nature of Services                | Fees Paid to Auditor in Year Ended |               |
|-----------------------------------|------------------------------------|---------------|
|                                   | June 30, 2012                      | June 30, 2011 |
| Audit Fees <sup>(1)</sup>         | \$80,000                           | \$50,000      |
| Audit-Related Fees <sup>(2)</sup> | Nil                                | Nil           |
| Tax Fees <sup>(3)</sup>           | Nil                                | Nil           |
| All Other Fees <sup>(4)</sup>     | Nil                                | Nil           |

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

An “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended June 30, 2012, or has any interest in any material transaction in the current year other than as set out herein or disclosed below:

1. During the year ended June 30, 2012, the Company incurred drilling expenditures of \$2,761,411 (2011 - \$6,127,344) to Landdrill International Inc. (“Landdrill”) on its resource properties. Ron J. Goguen, Sr. and

Jacques F. Monette, directors of the Company, are also directors of Landdrill. As at June 30, 2012, an amount of \$965,427 (2011 – 1,203,293) was included in trade and other payables. Landdrill was a reporting issuer listed on the TSX Venture Exchange (Refer to “Corporate Cease Trade Orders and Bankruptcies” for details).

2. On May 10, 2011 Grupo Moje Limited (“Grupo”), a private company owned by Frank J. Basa, a director and officer of Gold Bullion, entered into an option agreement with Ansil Resources Ltd. (“Aansil”) to acquire a 100% interest to an area of approximately 20 acres in Coleman Township, Ontario. The property is subject to a 3% net smelter return royalty, of which each 1% of the NSR royalty may be purchase for \$1.5 million. On January 31, 2012 Gold Bullion entered into a consent to assignment and amendment of the Option Agreement pursuant to which Ansil consented to the assignment by Grupo to Gold Bullion of all of the rights obligations and liabilities of Grupo, to the complete exoneration of Grupo, subject to the following terms:
  - (a) payment of the sum of \$10,000 to Ansil upon execution of the Agreement;
  - (b) incurring exploration expenditures aggregating \$100,000 on the property over a period of seven years as follows: \$20,000 in each year on or before May 10, 2012, May 10, 2013, May 10, 2014 and \$10,000 in each of the further additional four years on or before May 10, 2018;
  - (c) payment, as prepayment of the Net Smelter Royalty, to Ansil of the following amounts, commencing July 1, 2012 and continuing for a period of five years or until the property is put into commercial production, whichever is earlier:

| <u>Date of Payment</u> | <u>Amount</u> |
|------------------------|---------------|
| July 1, 2012           | \$10,000      |
| July 1, 2013           | \$10,000      |
| July 1, 2014           | \$10,000      |
| July 1, 2015           | \$15,000      |
| July 1, 2016           | \$15,000      |

As at June 30, 2012 Gold Bullion had paid \$20,000 and incurred exploration expenditures in the amount of \$90,585. Included in the exploration expenditures is the amount of \$58,577 which was reimbursed to Grupo for the work previously done on the property.

3. Subsequent to the year ended June 30, 2012 the Board of Director approved a one-time cash bonus of \$100,000 to be paid to Grupo Moje Limited in recognition of the services performed by Elaine Basa, P.Geo., during the financial year ended June 30, 2012. Elaine Basa is the spouse of Frank Basa, a director and officer of Gold Bullion. She is a Professional Geologist and a member of the Professional Geoscientists of Ontario actively involved in both the Granada Gold Project and the Castle Silver Mine Project.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting except as disclosed in this Information Circular.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the

Company. None of the proposed nominees for election as a director of the Company, or any associate or affiliate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers, proposed nominees for election as a director, or associates or affiliates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. PRESENTATION OF FINANCIAL STATEMENTS**

At the Meeting, the Chairman of the Meeting will present to shareholders the financial statements of the Company for the year ended June 30, 2012 and the auditors' report thereon.

### **2. ELECTION OF DIRECTORS**

#### **(a) Setting Number of Directors**

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at five. The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour of setting the number of directors at five.

**MANAGEMENT RECOMMENDS THE APPROVAL OF THE RESOLUTION TO SET THE NUMBER OF DIRECTORS OF THE COMPANY AT FIVE. IN ORDER TO BE PASSED, A MAJORITY OF THE VOTES CAST AT THE MEETING IN PERSON OR BY PROXY MUST BE VOTED IN FAVOUR OF THE RESOLUTION. IN THE ABSENCE OF CONTRARY INSTRUCTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE ANY COMMON SHARES REPRESENTED BY PROXIES HELD BY THEM IN FAVOUR OF THE RESOLUTION SETTING THE NUMBER OF DIRECTORS AT FIVE.**

#### **(b) Election of Directors**

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the British Columbia *Business Corporations Act* or the Articles of the Company, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or, if no director is then elected, until a successor is elected.

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the common shares represented by proxy for the election of any other person or persons as directors.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years, the period of time during which each has been a Director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date hereof.

| Name, Province or State and Country of Residence, and Current Position with the Company                                 | Occupation, Business or Employment <sup>(1)</sup>   | Director of Company Since | Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1)(2)</sup> |
|---|---|---------------------------|--|
| Frank J. Basa <sup>(3)</sup><br>Brossard, Quebec<br>Canada<br>Chairman, President, Chief Executive Officer and Director | Chairman, President and Chief Executive Officer of the Company since 2004; Acting Chief Financial Officer of the Company, October 2008 to July 2009; President, Chief Executive Officer and Director, Castle Silver Mines Inc. 2011 to present; President, Grupo Moje Ltd. and Mineral Recovery Management Services Corp.   | June 10, 2004             | 6,444,500 <sup>(4)</sup>   |
| Roger Thomas<br>Nepean, Ontario<br>Canada<br>Director and Corporate Secretary   | Corporate Secretary of the Company since March 2010; Director, Castle Silver Mines Inc., 2011 to present; Mr. Thomas retired after more than 30 years as an investment advisor in the securities industry, for such firms as Blackmont Capital Inc. from 2003 to 2008, Orion Securities Inc. (previously called Yorkton Securities Inc.) from 2000 to 2003, Research Capital Corporation from 1991 and 1998 and Levesque Beaubien from 1978 to 1991.                      | October 22, 2008          | 1,364,725 <sup>(5)</sup>   |
| Jacques F. Monette <sup>(3)</sup><br>Dieppe, New Brunswick<br>Canada<br>Director  | Director, Excel Gold Mining, September 21, 2010 to present; Director, Landdrill International Inc., September 2012 to present (previously July 2008 to June 2011); Staff Coordinator for Sanitation Canada; Shaft Project Coordinator of Cementation Canada Inc., a mine contracting and engineering company; Vice-President of Business Development of Wabi Development Corp., a contract mining company; Vice-President, Operations of CMAC, a contract mining company. | July 7, 2008              | 200,000 <sup>(6)</sup>   |
| Ronald J. Goguen, Sr. <sup>(3)</sup><br>Moncton, New Brunswick<br>Canada<br>Director                                    | Founding shareholder of Landdrill International Inc.'s predecessor company and President and CEO of Landdrill International Inc. since December 31, 2005; President and CEO of Major Drilling Group International Inc. from March 1995 to 2000; Chairman and co-founder of Beaver Brook Antimony Mines Inc., Director, Northeast Bank for 20 years (1990 to 2010); Director, Colibri Resource Corporation since February 1, 2010.   | March 24, 2011            | 399,000 <sup>(7)</sup>   |
| Annemette Jorgensen<br>Vancouver, British Columbia<br>Canada<br>Director  | Head of the Company's Corporate Development since February 2010; Media Content Manager, BTV Business Television, February 2008 to January 2010; Residential Leasing Manager, Bentall Capital Corp., December 2002 to February 2007; Manager of Debenture Investments, Samoth Capital Corporation, Public Company Merchant Banking, 1994 to 2001.  | April 12, 2012            | Nil <sup>(8)</sup>   |

| Name, Province or State and Country of Residence, and Current Position with the Company  | Occupation, Business or Employment <sup>(1)</sup> | Director of Company Since | Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1)(2)</sup> |
|--|---|---------------------------|--|
| Notes:   |   |                           |  |
| (1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.  |   |                           |  |
| (2) The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by insider reports filed on SEDI and by the nominees themselves.   |   |                           |  |
| (3) Member of the Company's Audit Committee, of which Frank Basa is the Chair.   |   |                           |  |
| (4) Of these shares, 3,769,500 are held indirectly by Grupo Moje Limited, a private company controlled by Mr. Basa. In addition, Mr. Basa holds incentive stock options entitling him to purchase up to an aggregate of 5,478,000 common shares in the capital of the Company, consisting of: (i) 600,000 options at an exercise price of \$0.10 per share for a five year term expiring on September 9, 2014; (ii) 500,000 options at an exercise price of \$0.10 per share for a five year term expiring on February 12, 2015; (iii) 2,278,000 options at an exercise price of \$0.46 per share for a five year term expiring June 21, 2015; (iv) 900,000 options at an exercise price of \$0.48 per share for a five year term expiring October 6, 2015; and (v) 1,200,000 options at an exercise price of \$0.13 per share for a ten year term expiring January 4, 2022. |   |                           |  |
| (5) Mr. Thomas also holds incentive stock options entitling him to purchase up to an aggregate of 1,760,000 common shares in the capital of the Company, consisting of (i) 400,000 options at an exercise price of \$0.10 per share for a five year term expiring September 9, 2014; (ii) 760,000 options at an exercise price of \$0.46 per share for a five year term expiring June 21, 2015; and (iii) 600,000 options at an exercise price of \$0.13 per share for a ten year term expiring January 4, 2022. He also holds 100,000 warrants exercisable at \$0.175 per share on or before April 23, 2013.  |   |                           |  |
| (6) Mr. Monette holds incentive stock options entitling him to purchase up to an aggregate of 1,160,000 common shares in the capital of the Company, consisting of (i) 200,000 options at an exercise price of \$0.10 per share for a five year term expiring September 9, 2014; (ii) 360,000 options at an exercise price of \$0.46 per share for a five year term expiring June 21, 2015; and (iii) 600,000 options at an exercise price of \$0.13 per share for a ten year term expiring January 4, 2022.   |   |                           |  |
| (7) Mr. Goguen holds incentive stock options entitling him to purchase up to an aggregate of 1,200,000 common shares in the capital of the Company, consisting of (i) 600,000 options at an exercise price of \$0.35 per share for a five year term expiring March 25, 2016; and (ii) 600,000 options at an exercise price of \$0.13 per share for a ten year term expiring January 4, 2022.   |   |                           |  |
| (8) Ms. Jorgensen holds incentive stock options entitling him to purchase up to an aggregate of 685,000 common shares in the capital of the Company, consisting of (i) 125,000 options at an exercise price of \$0.15 per share for a five year term; (ii) 260,000 options at an exercise price of \$0.46 per share for a five years term; and (iii) 300,000 options at an exercise price of \$0.13 per share for a ten year term.   |   |                           |  |

*Frank J. Basa, P. Eng., President, CEO & Chairman*

Frank Basa joined the Board in 2004. He has over 28 years global experience in gold mining and development as a professional hydrometallurgical engineer with a focus in milling, gravity concentration, flotation, leaching and refining of precious and base metals. He graduated from McGill University with a B.A. in Engineering in 1983 and has been a member of the Professional Engineers of Ontario since 1987. He is also President of Grupo Moje Ltd. and Mineral Recovery Management Services Corporation and a director, President and Chief Executive Officer of Castle Silver Mines Inc. since March 10, 2011, which company was incorporated as a wholly-owned subsidiary of Gold Bullion with the intention of taking over the silver assets and exploration activities currently carried on by Gold Bullion.

*Roger Thomas, Director and Corporate Secretary*

Roger Thomas is a valuable member of the Gold Bullion team and brings a career in the investment industry that spanned some 3 decades. He joined Gold Bullion as a director in 2008 after gaining considerable expertise in finance and marketing with The National Bank, Blackmont Capital and B.C.E among others. He holds an O.N.C. in Engineering from Garretts Green Tech. (England), an H.N.C. in Electronics from South Birmingham Tech (England), and a B.A. (Economics) from Carleton University. Previous to that he used his expertise with the U.S. Air Force and Canadian Military to ensure optimum performance from their sophisticated communication systems.

*Jacques F. Monette, Director*

Jacques Monette has been a Gold Bullion director since 2008. He is a career miner who has been engaged in every facet of underground mining for more than 40 years. His previous positions included Shaft Project Coordinator with Cementation Canada Inc., Vice President of Operations/Mining Division for Wabi Development Corp., Vice President of Development for CMAC Mining Group, Operations Manager for Moran Mining and Tunneling, as well as Area Manager for J.S. Redpath Group. A director of Landdrill International Inc. from July 2008 to June 2011, and from September 2012 to present, he also served as their Vice President of Marketing. He is also a director of Castle Silver Mines Inc. since March 10, 2011.

*Ronald Goguen, Director*

Ronald Goguen, Sr. has been a director of Gold Bullion since 2011. He is the founding shareholder of Landdrill International Inc.'s predecessor company, and he has been President and Chief Executive Officer of Landdrill International Inc. since taking them public in March 2006. He purchased his first exploration drilling company, Ideal Drilling, in 1980. In 1981, he added a second exploration drilling company and increased sales and net income significantly. Those companies were combined to become Major Drilling Group International Inc., a publicly traded company that has traded on the TSX Venture Exchange since March 1995. He served as President and Chief Executive officer until 2000 and during this time was a key driving force in building Major Drilling into one of the largest mineral drilling service companies in the world (33 operations in 15 countries). Since leaving Major Drilling in 2000, Mr. Goguen was chairman and co-founder of Beaver Brook Antimony Mine Inc., which is the largest antimony mine outside China. He remains one of its directors. He was a member of the board of directors of Northeast Bank of 20 years (1990 to 2010) and is currently a member of the board of directors of Colibri Resource Corporation. During 1995, he was named Atlantic Canada's Entrepreneur of the year as presented by Government General of Canada.

*Annemette Jorgensen, Director*

Annemette Jorgensen has been head of Corporate Development with Gold Bullion since February 2010. Recently appointed Director in April 2012, she brings two decades of finance, media, marketing and investor relations' expertise to the Gold Bullion Board. As Manager of Debentures Investments with Samoth Capital Corporation she was responsible for raising over a million dollars per month. Other executive positions held include Residential Leasing Manager at Bentall Capital Corporation and Corporate Sales Manager with The Vancouver Board of Trade.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

### **Corporate Cease Trade Orders and Bankruptcies**

No proposed director (including any personal holding company of a proposed director):

- (a) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director, chief executive officer or chief financial officer of any company (including Gold Bullion) that

- (i) was the subject of a cease trade or similar order (including a management cease trade order whether or not such person was named in the order) or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, (an “Order”) while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director chief executive officer or chief financial officer;

Except as follows:

On November 6, 2008 the British Columbia Securities Commission (the “BCSC”) issued a cease trade order against the Company under Section 164 of the *Securities Act* (British Columbia) for failure to file audited financial statements for the year ended June 30, 2008 together with related Management’s Discussion and Analysis and certification of annual filings within the required time period. As a result, the TSX Venture Exchange (the “Exchange”) suspended trading in the Company’s shares. The required financial material was filed and a Revocation Order was issued by the BCSC on December 9, 2008. Trading in the shares of the Company remained suspended by the Exchange until February 18, 2009 in order for the Company to meet the Exchange’s listing requirements. Frank J. Basa, Roger Thomas and Jacques F. Monette were all directors of the Company during this period.

On September 6, 2011 the Autorité des marchés financiers issued a cease trade order against Excel Gold Mining Inc. (“Excel”) for failure to file audited financial statements for the year ended April 30, 2011 together with related Management’s Discussion and Analysis and certification of annual filings within the required time period. As a result of the foregoing, Excel’s common shares were suspended for trading by the Exchange on September 6, 2011. Prior to the suspension in trading, the shares of Excel were halted by the Exchange on July 18, 2011 pending clarification of Excel’s affairs. On September 7, 2011 the BCSC issued a similar cease trade order against Excel, followed by a cease trade order issued by the Alberta Securities Commission on December 20, 2011. Effective December 22, 2011 the common shares of Excel were transferred from the Exchange to the NEX Board as a result of Excel not being able to evidence its ability to meet the Tier 2 continued listing requirements. Excel was subsequently delisted from the NEX Board on October 10, 2012 for failure to pay listing maintenance fees and remains cease traded. Jacques F. Monette, a director of Gold Bullion, is a director and officer of Excel.

On October 12, 2012 the New Brunswick Securities Commission issued a cease trade order against Landdrill International Inc. under Section 188.2 of the *Securities Act* (New Brunswick) for failure to file interim financial statement together with related Management’s Discussion and Analysis and certification of interim filings for the period ended June 30, 2012. On October 15, 2012 the BCSC issued a similar cease trade order under Section 164 of the *Securities Act* (British Columbia). On January 11, 2013 the Alberta Securities Commission issued a cease trade order under Section 33.1 of the *Securities Act* (Alberta) for failure to file interim financial statements together with related Management’s Discussion and Analysis and certification of interim filings for the periods ended June 30, 2012 and September 30, 2012. The Exchange suspended trading in Landdrill’s shares on October 12, 2012. Jacques F. Monette and Ron Goguen, Sr., directors of Gold Bullion, are directors of Landdrill.

- (b) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director or executive officer of any company (including Gold Bullion) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

Except as follows:

On August 31, 2012, Landdrill International Inc. announced it obtained an Initial Order from the Court of Queen's Bench of New Brunswick under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). The Court granted Landdrill and certain of its subsidiaries protection under the CCAA for an initial period in order to grant the Company time to conduct a going concern sale process. As a result of the Initial Order the Company no longer met the Tier 1 Continued Listing Requirements of the Exchange and was reclassified as Tier 2 effective September 6, 2012. Trading in the shares of Landdrill was halted September 6, 2012. As a result of the cease trade orders issued by each of the British Columbia, Alberta and New Brunswick Securities Commissions (see above), the Exchange suspended trading in the securities of Landdrill on October 12, 2012. Reinstatement of trading in the Company's securities on the Exchange will only occur upon revocation of the cease trade orders and compliance by Landdrill with all other Exchange listing requirements.

or

- (c) has, within the 10 years before the date of this Information Circular, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;

Except as follows:

Annemette Jorgensen, a director of the Company, filed a consumer proposal under Section 66.38 of the *Bankruptcy and Insolvency Act* (Canada) on February 13, 2001. The proposal was discharged and a Certificate of Full Performance of Consumer Proposal granted on January 19, 2004.

or

- (d) has been subject to:

- (i) since December 31, 2000, any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or before December 31, 2000, the disclosure of which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director;
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**MANAGEMENT RECOMMENDS THAT THE SHAREHOLDERS VOTE IN FAVOUR OF THE ABOVE LISTED NOMINEES.**

**IN ORDER TO BE PASSED, A MAJORITY OF THE VOTES CAST AT THE MEETING IN PERSON OR BY PROXY MUST BE VOTED IN FAVOUR OF THE RESOLUTION. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT, IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

### **3. APPOINTMENT OF AUDITORS**

Bratt Fremeth Star, S.E.N.C. of Montreal Quebec, served as the Company's auditors since their appointment on November 27, 2007. Effective February 15, 2013, Bratt Fremeth Star, S.E.N.C. resigned at the request of the Company and McGovern, Hurley, Cunningham LLP, Chartered Accountants, of 2005 Sheppard Ave. E., Suite 300, Toronto, Ontario M2J 5B4 were appointed auditors of the Company.

Management proposes that McGovern, Hurley, Cunningham, Chartered Accountants, be appointed auditors of the Company for the ensuing year, until the close of the next annual general meeting of the shareholders, at a remuneration to be fixed by the directors.

**MANAGEMENT RECOMMENDS THAT THE SHAREHOLDERS VOTE IN FAVOUR OF THE RE-APPOINTMENT OF MCGOVERN, HURLEY, CUNNINGHAM LLP, CHARTERED ACCOUNTANTS. IN ORDER TO BE PASSED, A MAJORITY OF THE VOTES CAST AT THE MEETING IN PERSON OR BY PROXY MUST BE VOTED IN FAVOUR OF THE RESOLUTION. IN THE ABSENCE OF CONTRARY INSTRUCTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE ANY COMMON SHARES REPRESENTED BY PROXIES HELD BY THEM IN FAVOUR OF THE RESOLUTION APPOINTING MCGOVORN, HURLEY, CUNNINGHAM, CHARTERED ACCOUNTANTS, AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AT A REMUNERATION TO BE FIXED BY THE DIRECTORS.**

### **4. APPROVAL OF THE COMPANY'S SHARE OPTION PLAN**

The Company received shareholder approval on January 30, 2009 of a "rolling" stock option plan (the "Plan") whereby a maximum of 10% of the issued common shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The Exchange requires listed companies that have "rolling" stock option plans in place to receive shareholder approval of such plans on a yearly basis at the Company's annual general meeting. The shareholders of the Company will be asked at the Meeting to ratify and approve continuation of the Plan.

The purpose of the Plan is to provide certain directors, officers and key employees of, and certain other persons who provide services to the Company and any subsidiaries with an opportunity to purchase common shares of the Company and benefit from any appreciation in the value of the Company's shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the common shares for the benefit of all the shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company.

The Plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the Exchange. As at the date of this Information Circular, the Company was eligible to grant up to 22,848,697 options under its Plan. There are presently 17,490,000 options outstanding and 5,358,697 are reserved and available under the Plan.

Under the Plan, the option price must not be less than the exercise price permitted by the Exchange. The current policies of the Exchange state that the option price must not be less than the closing price of the common shares listed on the Exchange on the day immediately preceding the date of grant, less the applicable discount permitted by the policies of the Exchange. An option must be exercised within a period of up to ten years from the date of granting. Within this ten year period, the Board may determine the limitation period during which an option may be exercised. Any amendment to the Plan requires the approval of the Exchange and may require shareholder approval.

The material terms of the Plan are as follows:

1. the Plan shall be administered by the Board of Directors or a committee of the Board of Directors duly appointed for this purpose and consisting of not less than three directors;

2. the Board of Directors may determine the time during which any options may vest and the method of vesting or that no vesting restriction shall exist;
3. the options shall be for such periods as the Board of Directors may determine up to a maximum of ten years, subject to any limits imposed by any stock exchange on which the common shares are listed;
4. no more than 5% of the issued common shares may be granted to any one individual in any 12 month period;
5. no more than 2% of the issued common shares may be granted to a consultant in any 12 month period;
6. no more than an aggregate of 2% of the issued common shares of the Company will be granted to persons conducting investor relations activities in a 12 month period;
7. disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued common shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued common shares;
8. the exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the Exchange to a minimum of \$0.10 per share;
9. where the exercise price of the stock option is based on a discounted market price, a four month hold period will apply to all common shares issued under each option, commencing from the date of grant;
10. unless otherwise determined by the Board of Directors, an option will terminate 90 days after an optionee ceases to be a director, officer, employee, or consultant of the Company; or ceases to be employed to provide Investor Relations Activities to the Company;
11. in the event of the death of an optionee, the option will only be exercisable within 12 months of such death but in any event no longer than the term of such option;
12. the options shall be non-transferable and non-assignable;
13. options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares; and
14. for stock options granted to employees, consultants or service providers (inclusive of management company employees), the Company must ensure that the proposed optionee is a bona fide employee, consultant or service provider (inclusive of management company employees), as the case may be, of the Company or any subsidiary.

The Plan is subject to Exchange approval.

### **Shareholder Approval**

Shareholders will be asked at the Meeting to approve, with or without variation, the following resolution:

“BE IT RESOLVED that the Company's Share Option Plan, as described in the Company's Information Circular dated February 22, 2013 be and is hereby ratified and approved, subject to regulatory approval, and that in connection therewith a maximum of 10% of the issued and outstanding common shares at the time of each grant be and are hereby approved for granting as options and that the Board of Directors be and are hereby authorized, without further shareholder

approval, to make such changes to the Share Option Plan as may be required or approved by regulatory authorities.”

A full copy of the Share Option Plan will be available for inspection at the Meeting. The Share Option Plan is available on [www.sedar.com](http://www.sedar.com) and may also be obtained by a Shareholder, without charge, upon request by contacting the Company’s registered and records office by telephone at 604-306-8854 or by facsimile at 604-259-0339.

**MANAGEMENT RECOMMENDS THAT SHAREHOLDERS APPROVE THE ABOVE RESOLUTION. IN ORDER TO BE PASSED, A MAJORITY OF THE VOTES CAST AT THE MEETING IN PERSON OR BY PROXY MUST BE VOTED IN FAVOUR OF THE RESOLUTION. IN THE ABSENCE OF CONTRARY INSTRUCTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE ANY COMMON SHARES REPRESENTED BY PROXIES HELD BY THEM IN FAVOUR OF THE RESOLUTION APPROVING THE SHARE OPTION PLAN.**

### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

As of the date of this Information Circular, management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. However, if other matters not known to the management should properly come before the Meeting, the accompanying proxy will be votes on such matters in accordance with the best judgment of the persons voting the proxy.

### **ADDITIONAL INFORMATION**

The following documents filed with the securities commissions or similar regulatory authorities in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of this Information Circular:

- (a) the audited financial statements of the Company for the financial year ended June 30, 2012, together with the accompanying report of the auditors thereon and related Management’s Discussion and Analysis and any interim financial statements of the Company for periods subsequent to June 30, 2012 and related Management’s Discussion and Analysis;
- (b) the Company’s Audit Committee Charter;
- (c) the Company’s Code of Conduct;
- (d) the Company’s Insider Trading Policy; and
- (e) the Share Option Plan.

Copies of documents incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at 401 – 1231 Barclay Street, Vancouver, British Columbia by telephone at 604-306-8854 or by facsimile at 604-259-0339. These documents are also available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

### **APPROVAL OF DIRECTORS**

The contents of this Information Circular have been approved and this mailing has been authorized by the Board of Directors of the Company.

Where information contained in this Information Circular rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at Montreal, Quebec, this 22<sup>nd</sup> day of February, 2013.

***“Frank J. Basa”***

Frank J. Basa  
Chairman, President, CEO, and Director

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