GOLD BULLION DEVELOPMENT CORP.

(An Exploration Stage Company)

Financial Statements

September 30, 2009

Unaudited

GOLD BULLION DEVELOPMENT CORP.

(An Exploration Stage Company)

Balance Sheets

	September 30, 2009	June 30, 2009
	$	$
Assets		
Current		
Cash	4,675	40,915
Accounts receivable	6,740	4,727
	11,415	45,642
Plant and equipment (Notes 6)	251,558	255,744
Resource properties (Note 7)	2,572,648	2,520,472
	2,835,621	2,821,858
Liabilities		
Current		
Accounts payable and accrued liabilities	144,335	112,474
Due to related parties (Note 12)	477,169	423,165
Current portion of long-term debt	10,708	10,708
	632,212	546,347
Long-term debt (Note 8)	5,423	8,166
	637,635	554,513
Shareholders' Equity		
Capital stock (Note 9)	18,632,161	18,632,161
Warrants (Note 9)	666,635	666,635
Contributed surplus (Note 10)	768,571	671,571
Deficit	(17,869,381)	(17,703,022)
	2,197,986	2,267,345
	2,835,621	2,821,858

Nature and continuance of operations (Note 2)
Contingencies (Note 13)
Commitments (Note 11)
Subsequent event (Note 14)

Signed "Frank Basa" ,Director

Signed "Roger Thomas" ,Director

See accompanying notes to financial statements.

GOLD BULLION DEVELOPMENT CORP.

(An Exploration Stage Company)

Statements of Operations, Comprehensive Loss and Deficit

For the 3 months ended September 30

	2009	2008
	$	$
Expenses		
Administrative and general expenses	**16,890**	102,143
Management fees	**31,913**	27,935
Professional fees	**9,056**	24,089
Filing costs and shareholders' information	**1,553**	142,008
Tax interest on flow-through funds	**6,018**	-
Stock option compensation	**97,000**	-
Depreciation	**4,186**	3,267
	166,616	299,442
Other items		
Interest and other income	**(257)**	(956)
Net loss and comprehensive loss for the period	**166,359**	298,486
Deficit, beginning of period	**17,703,022**	17,298,293
Deficit, end of period	**17,869,381**	17,596,779
Net Loss per share - basic and diluted	**0.00**	0.01
Weighted average number of outstanding shares	**60,037,681**	56,251,681

See accompanying notes to financial statements.

GOLD BULLION DEVELOPMENT CORP.

(An Exploration Stage Company)

Statements of Cash flows

For the 3 months ended September 30

	2009	2008
	$	$
Cash Flows From		
Operating activities		
Net loss and comprehensive loss for the year	**(166,359)**	(298,486)
Less: Items not involving cash		
Depreciation	**4,186**	3,267
Stock option compensation	**97,000**	-
Change in non-cash working capital		
Increase in accounts receivable	**(2,013)**	(10,297)
Decrease in deposits and prepaid expenses	**-**	14,332
Increase (decrease) in due to related parties	**54,004**	(146,402)
Increase (Decrease) in accounts payable and accrued liabilities	**31,861**	(27,430)
	18,679	(465,016)
Financing activities		
Issuance of common shares	**-**	749,163
	-	749,163
Investing activities		
Resource properties	**(52,176)**	(143,881)
Repayment of long-term debt	**(2,743)**	(2,744)
	(54,919)	(146,625)
Increase (Decrease) in cash and equivalents	**(36,240)**	137,522
Cash at beginning of period	**40,915**	37,705
Cash at end of period	**4,675**	175,227

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid	**-**	114
Income taxes paid	**-**	-
Non-cash transactions (Note 11)		

1. BASIS OF PRESENTATION

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

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

These interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as the audited financial statements for the year ended June 30, 2009, except as noted below. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim financial statements. Operating results for the period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the full year ended June 30, 2009. For further information, see the Company's audited financial statements including the notes thereto for the year ended June 30, 2009.

2. NATURE OF OPERATIONS AND GOING CONCERN

Gold Bullion Development Corp. (the "Company") is an exploration stage company and currently has interests in exploration and development properties in Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying interim financial statements.

The Company has a need for equity capital and financing in order to explore and develop its properties and for working capital requirements. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

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

There were no changes in the Company's approach to capital management during the period ended September 30, 2009. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

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

Credit risk

The Company's credit risk is primarily attributable to short-term investments and receivables included in other assets. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits which have been invested with or purchased from reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to attempt to have sufficient liquidity to meet liabilities when due. As at September 30, 2009, the Company had a working capital deficiency of $620,797 (June 30, 2009 - $500,705)

Market risk

(a) Interest rate risk
The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in US dollars on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

4. FINANCIAL RISK FACTORS (Continued)

(c) Price risk
The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at September 30, 2009, the carrying and fair value amounts of the Company's financial instruments are the same.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote since the Company is not a revenue producing entity.

5. FUTURE ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is currently in the process of evaluating the impact of these standards.

6. PLANT AND EQUIPMENT

	September 30, 2009			June 30, 2009
	Cost	**Accumulated Amortization**	**Net**	Net
Gravity plant	**$ 240,999**	**$ 16,534**	**$224,465**	$ 226,732
Office equipment	**16,736**	**6,961**	**9,775**	10,290
Vehicles	**44,950**	**27,632**	**17,318**	18,722
	$ 302,685	**$ 51,127**	**$251,558**	$ 255,744

7. RESOURCE PROPERTIES

	Balance September 30, 2009	Additions During Period	Balance June 30, 2009
Property			
Grenada (a)	**$ 2,515,804**	$ 52,176	**$ 2,463,628**
Castle (Milner) (b)	**56,844**	-	**56,844**
	$ 2,572,648	$ 52,176	$ 2,520,472

a) Granada Property, Quebec, Canada

The Company and Mousseau Tremblay Inc. ("MTI") entered into a formal Lease and Purchase Agreement dated July 4, 2006 and amended August 10, 2006, September 20, 2006 and October 19, 2006, to acquire a 100% interest in the 2 mining leases under the following terms:

i) a) The payment of the $5,000 per month plus all applicable taxes to MTI shall be paid until such time as the Company exercises its right to acquire a 100% interest in the property by making the final cash payment of $175,000.

b) The payment of $0.50 per ton of ore deposited on the Granada site as tailings. The payment will be made monthly and until such time as the Company exercises its right to acquire a 100% interest in the property by making the final cash payment of $175,000.

ii) $350,000 payment to be made by way of one or a combination of the following terms:

a) the payment by the Company of $175,000 (paid) cash to MTI within five business days of the Company receiving approval from the TSX Venture Exchange in order to earn a 51% interest; and

b) the payment by the Company of a further $175,000 cash to MTI on or before October 1, 2009 in order to earn the remaining 49% interest.

7. RESOURCE PROPERTIES (continued)

iii) a 3% NSR on the value of the gold and silver recovered from all the Granada ores extracted by the Company. MTI grants to the Company the right to purchase up to one half (1/2) of the NSR royalty (ie. 1.5%) for $1,000,000, such option to be exercised on the anniversary of the date of commencement of commercial production from the Granada site.

On March 20, 2008 the Company signed a joint venture memorandum of understanding with MTI to acquire the 26 claims attached to the two mining leases. In order to acquire the 26 claims, the Company has to issue 500,000 shares of the Company to MTI. As at September 30, 2009 these have not been issued.

(b) Castle Property, Ontario, Canada

On December 2, 2006, the Company entered into a Purchase and Sale Agreement to acquire a 100% interest in the Castle Property (formally known as the Milner Property) encompassing 34 claims and 2 parels located in the Haultian and Nicol townships of Ontario for the following terms:

i) $25,000 cash payment (paid);

ii) a sliding scale royalty on silver production which will start from 3% when the price of silver is US$15 or lower per troy ounce and up to 5% when the price of silver is greater than US$30 per troy ounce;

iii) a 5% gross overriding royalty on the sale of products derived from the property with a minimum annual payment of $15,000 in the form of royalties on all future production from the property.

On September 1, 2008 the Company entered into an Memorandum of Understanding with BacTech Mining Corporation to investigate the use of bioleaching to reprocess the silver tailing at the property.

8. LONG TERM DEBT

	September 30, 2009	**June 30, 2009**
Loan payable, bearing interest at 1.90% per annum, payable in equal monthly installments of $915 principal and interest and is due April 2011. A vehicle having a net book value of $18,722 is provided as security.	**$ 16,131**	$ 18,874
Less: current portion	**(10,708)**	(10,708)
	$ 5,423	$ 8,166

9. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value

Issued	**Number of shares**	**Amount**
Balance at June 30, 2008 and September 30, 2008	**60,037,681**	**$ 18,632,161**

WARRANTS

Issued	**Number of warrants**	**Amount**
Balance at June 30, 2008 and September 30, 2008	**14,770,056**	**$ 666,635**

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date
2,192,970	$ 0.16	May 7, 2010
65,789	0.16	May 7, 2010
219,297	0.10	May 7, 2010
256,000	0.10	July 10, 2010
6,950,000	0.16	July 10, 2010
3,050,000	0.16	July 31, 2010
2,036,000	0.10	February 19, 2011
14,770,056	$ 0.15	

0PTIONS

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years at exercise prices not less than the closing sale price of the shares on the Exchange on the trading day immediately preceding the date options are granted, and are not transferrable. The plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued shares.

The Company records the fair value of compensation expense on the granting of stock options over the period in which they vest. The fair value is determined using the Black-Scholes option valuation model.

On September 9, 2009 the Company granted 2,425,000 options exercisable at $.10 and expiring on September 9, 2014 to officers, directors and consultants of the Company. The fair value of the options was determined, using the Black-Scholes option pricing model assuming a risk-free interest rate of 2.25% on the date of issue, an expected life of 5 years, a volatility of 70% and dividends of $Nil to be $97,000.

0PTIONS (Continued)

Options to purchase common share outstanding at September 30, 2009 carry exercise prices and remaining terms to maturity as follows:

Options Outstanding

Number of Options	Exercise Price	Expiry Date
150,000	$ 0.15	November 14, 2009
1,000,000	0.10	February 20, 2011
200,000	0.10	January 21, 2014
325,000	0.10	May 11, 2014
2,425,000	0.10	September 9, 2014
4,100,000	$0.10	

10. CONTRIBUTED SURPLUS

Balance, June 30, 2009	$	**671,571**
Stock-based compensation		**97,000**
Balance, September 30, 2009	$	**768,571**

11. COMMITMENTS

(a) Effective January 1, 2007, the Company entered into a management agreement with Grupo Moje Limited, a company owned by Frank Basa, a director and officer of the Company. The agreed fee for management services is 20 ounces of gold per month and is renewable on the annual basis. The dollar amount calculated is based on the gold rate per Troy ounce as at the end of each quarter. Frank Basa also has the use of a vehicle which is owned by the Company.

(b) Pursuant to the issuance of 2,197,000 flow-through shares in May 2008 and 8,515,000 flow-through shares in July 2008 the Company has renounced $1,068,604 of qualified exploration expenditures with an effective date of December 31, 2008. As at September 30, 2008 the Company has expended $613,990 and must expend the balance of $454,614 by December 31, 2009 (Note 12(c)).

12. RELATED PARTY TRANSACTIONS

During the three month period ended September 30, 2009 the Company paid Management fees of $63,826 to a company owned by a director of the Company. (See Note 10(a))

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Amounts due to related parties of $477,169 (June 30, 2009 - $423,165) are due to a director of the Company, and a Company controlled by the director. The amounts are unsecured and are non-interest bearing.

13. CONTINGENCIES

a) The Company's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether with the outcomes, the impacts or the deadline. At the date of the financial statements and to the best knowledge of its management, the Company is, at the present, in conformity with the laws and regulations except as disclosed in note 12(b) below. Restoration costs will be accrued in the financial statements only when they can be reasonably estimated and will be charged to the earnings at that time.

b) On September 10, 2008, the Company received statements of offence pursuant to the *Environment Quality Act* (Québec) (the "Act") for allegedly of failing to comply with certain conditions of its permit for a current project on the Company's Granada property and for non respect of the Act. The statements of offence relate to the period from November 1, 2006 to November 14, 2007. The statements of offence include fines in an aggregate amount of $90,400. The Company pleaded not guilty to all of these statements of offence. In the event the Company is declared guilty to all of these statements of offences, additional fees in the aggregate amount of $51,098 will be charged to the Company.

The Company has vigorously contested all of the statements of offence, accordingly, no provision of the claim has been made in the financial statements. Any amounts if paid, resulting from the claim will be recorded in the period in which they are paid.

c) The Company is partly financed by the issuance of flow-through shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian exploration expenditures, even if the Company has taken all the necessary measures for this purpose. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors. Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work no later than the first of the following dates:

   a. Two years following the flow-through investment;
   b. One year after the Company has renounced the tax deductions relating to the exploration work.

Commitments to carry out exploration work that are not respected are subject to a combined tax rate of 31% (Federal and Provincial).

During the year, the Company received $851,500 flow-through investments. According to the tax rules, the Corporation has until December 31, 2009 to fulfill its commitments. The Company has renounced all tax deductions as at June 30, 2009 and management is required to fulfill its commitments within the stipulated deadline.

14. SUBSEQUENT EVENT

On November 10, 2009 the Company issued pursuant to a non-brokered private placement issued 4,300,000 units at a price of $0.07 per unit for gross proceeds of $301,000. Each Unit consists of one common share in the capital of the Company and one transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share in the capital of the Company for a period of two years from the date of issuance, at a purchase price of $0.10 per share if exercised on or before November 8, 2010 and $0.12 per share if exercised from November 9, 2010 to November 8, 2011.

In connection with certain subscriptions of the private placement, a 10% cash finder's fee of $11,900 was paid to an arm's length party.