# Consolidated Financial Statements of

# GB MINERALS LTD.

## For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of
**GB Minerals Ltd.**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **GB Minerals Ltd.** and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2015 and June 30, 2014, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years ended June 30, 2015 and June 30, 2014, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **GB Minerals Ltd.** and its subsidiaries as at June 30, 2015 and June 30, 2014, and its financial performance and its cash flows for the years ended June 30, 2015 and June 30, 2014 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that **GB Minerals Ltd.** incurred a net loss of $7,554,188 for the year ended June 30, 2015 and, as of that date, the company's current liabilities exceed current assets by $20,799,915. These conditions, along with other matters as set forth in Note 1, including the Company's default on its debt payable, indicate the existence of a material uncertainty that may cast significant doubt about **GB Minerals Ltd.'s** ability to continue as a going concern.

*SF Partnership, LLP*

**Toronto, Canada** **LICENSED PUBLIC ACCOUNTANTS**
September 29, 2015



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**GB MINERALS LTD.**
**(An exploration stage company)**
**Consolidated Statements of Financial Position**
**(Expressed in Canadian dollars)**

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 1,020,839 | $ 351,525 |
| Funds held in trust (note 3) | 998 | 1,249 |
| Other receivable | 141,159 | 20,107 |
| Prepaid expenses | 462,211 | 79,787 |
| | 1,625,207 | 452,668 |
| **Equipment** (note 4) | 63,324 | 95,026 |
| **Intangible assets:** | | |
| Other assets | 65 | 137 |
| Mineral rights (note 5) | 77,067,258 | 71,782,758 |
| **Total Assets** | $ 78,755,854 | $ 72,330,589 |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | |
| **Current Liabilities** | | |
| Bank indebtedness | $ - | $ 26 |
| Accounts payable and accrued liabilities | 7,667,112 | 6,108,761 |
| Notes payable (note 6) | 4,600,000 | 2,750,000 |
| Debt payable (note 7) | 10,158,010 | 9,457,286 |
| Convertible debentures (note 8) | - | 4,514,350 |
| | 22,425,122 | 22,830,423 |
| **Deferred income tax liability** (note 9) | 6,829,023 | 6,949,838 |
| **Provision for reclamation and rehabilitation** (note 11c) | 73,255 | 59,228 |
| | 29,327,400 | 29,839,489 |
| **Shareholders' Equity** | | |
| Share capital (note 10b) | 65,959,597 | 52,085,828 |
| Share-based payment reserve – options (note 10c) | 3,094,949 | 2,625,714 |
| Share-based payment reserve - warrants (note 10d) | - | 615,859 |
| Convertible feature on convertible debentures (note 8) | - | 480,003 |
| Contributed Surplus (note 8 and 10d) | 1,095,862 | - |
| Cumulative Translation Reserve | (53,648) | (202,186) |
| Deficit | (20,668,306) | (13,114,118) |
| **Shareholders' Equity** | 49,428,454 | 42,491,100 |
| **Total Liabilities and Shareholders' Equity** | $ 78,755,854 | $ 72,330,589 |

Commitments and Contractual Arrangements (note 11)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

*Signed "Owen Ryan"*
Director

*Signed "Luis da Silva"*
Director

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

**GB MINERALS LTD.**
**(An exploration stage company)**
**Consolidated Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian dollars)**

| | Years Ended | |
|---|---|---|
| | **June 30, 2015** | **June 30, 2014** |
| **Expenses** | | |
| Management and consulting fees | $ 1,367,320 | $ 1,710,485 |
| Professional fees (audit and legal) | 1,249,209 | 776,206 |
| Interest expense | 1,231,850 | 1,731,680 |
| Loss on foreign exchange | 1,203,954 | 1,346,957 |
| General and administrative | 473,736 | 525,083 |
| Stock option compensation | 469,235 | 584,577 |
| Salaries and wages | 395,581 | 241,670 |
| (Recovery of) Financial advisory costs | 393,688 | (199,797) |
| Travel | 360,982 | 285,891 |
| Investor relations | 163,928 | 203,987 |
| Director fees | 124,000 | 123,333 |
| Filing and transfer agent fees | 22,646 | 35,578 |
| Amortization (note 4) | 1,917 | 2,872 |
| Social development costs | 1,648 | 92,345 |
| (Recovery) Impairment of equipment | (7,986) | 9,790 |
| **Loss before other expense** | 7,451,708 | 7,470,657 |
| **Other expense** | | |
| Loss on unamortized convertible debentures settlement (note 8f) | 102,480 | - |
| (Gain) on other debt settlement | - | (2,598,690) |
| **Net Loss before income taxes** | 7,554,188 | 4,871,967 |
| Provision for income taxes (note 9) | - | - |
| **Net Loss** | 7,554,188 | 4,871,967 |
| **Other Comprehensive Loss (Income)** | | |
| Currency translation differences translating foreign operations | (148,538) | 145,486 |
| **Comprehensive Loss** | $ 7,405,650 | $ 5,017,453 |
| **Weighted Average Number of Shares Outstanding** | 210,013,386 | 61,442,258 |
| **Loss per Share – basic and diluted** | $ 0.04 | $ 0.08 |

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

**GB MINERALS LTD.**
**(An exploration stage company)**
**Consolidated Statements of Cash Flows**
**(Expressed in Canadian dollars)**

| | Years Ended | |
|---|---|---|
| | **June 30, 2015** | **June 30, 2014** |
| **Operating Activities**: | | |
| Net loss for the period | $ (7,554,188) | $ (4,871,967) |
| Adjustments for non-cash items: | | |
| Gain on settlement of debt | - | (2,598,690) |
| Amortization (note 4) | 1,917 | 2,872 |
| Impairment on equipment | - | 9,790 |
| Stock option compensation | 469,235 | 584,577 |
| Convertible debentures – amortization (note 8) | 33,170 | 253,249 |
| Unamortized convertible debentures settlement (note 8f) | 102,480 | - |
| Shares issued for compensation for services (note 13d[1]) | - | 234,000 |
| Interest expense | 1,048,659 | 1,436,217 |
| Unrealized foreign exchange adjustment | 892,559 | 1,045,934 |
| Changes in non-cash working capital: | | |
| Other receivable | (121,052) | 3,912 |
| Prepaid expenses | (382,424) | (59,740) |
| Accounts payable and accrued liabilities | 512,904 | 1,880,644 |
| Net Cash used in Operating Activities | (4,996,740) | (2,079,202) |
| **Investing Activities:** | | |
| Funds held in trust (note 3) | 251 | (1,249) |
| Additions in mineral rights (note 5) | (5,405,315) | (3,145,353) |
| Net Cash used in Investing Activities | (5,405,064) | (3,146,602) |
| **Financing Activities**: | | |
| Bank indebtedness | (26) | - |
| Proceeds (Repayment) of notes payable (note 6) | 1,850,000 | 2,250,000 |
| Issuance (Repayment) of convertible debentures (note 8) | (4,650,000) | 1,650,000 |
| Issuance of common shares (net of costs) (note 10b) | 13,121,710 | 2,941,806 |
| Issuance of common shares for debt settlement (note 10b) | 752,059 | (1,440,509) |
| Net Cash provided by Financing Activities | 11,073,743 | 5,401,297 |
| Impact of foreign exchange on cash | (2,625) | 910 |
| Net increase (decrease) in cash and cash equivalents | 669,314 | 176,403 |
| Cash and cash equivalents - beginning of period | 351,525 | 175,122 |
| Cash and cash equivalents - end of period | $ 1,020,839 | $ 351,525 |

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

**GB MINERALS LTD.**
**(An exploration stage company)**
**Consolidated Statements of Changes in Equity**
**(Expressed in Canadian dollars)**

| | Number of Common Shares | Common Shares | Share-Based Payment Reserve - Options | Share-Based Payment Reserve - Warrants | Fair Value of Convertible Feature on Convertible Debenture | Contributed Surplus | Cumulative Translation Reserve | Deficit | Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance – June 30, 2013** | **40,005,054** | **$ 47,469,513** | **$ 2,041,137** | **$ 615,859** | **$ 292,865** | **$ -** | **$ (56,700)** | **$ (8,242,151)** | **$ 42,120,523** |
| Shares issued for equity financing | 15,000,000 | 3,000,000 | - | - | - | - | - | - | 3,000,000 |
| Shares issued for settlement GBMMEC debt (note 10b) | 9,000,000 | 1,350,000 | - | - | - | - | - | - | 1,350,000 |
| Shares issued for other debt settlement (note 10b) | 620,063 | 90,509 | - | - | - | - | - | - | 90,509 |
| Shares issued for compensation for services | 1,800,000 | 234,000 | | | | | | | 234,000 |
| Shares issue cost – filing and legal fees | - | (58,194) | - | - | - | - | - | - | (58,194) |
| Stock options compensation | - | - | 584,577 | - | - | - | - | - | 584,577 |
| Convertible debentures – equity portion | - | - | - | - | 187,138 | - | - | - | 187,138 |
| Other comprehensive loss | - | - | - | - | - | - | (145,486) | - | (145,486) |
| Loss for the period | - | - | - | - | - | - | - | (4,871,967) | (4,871,967) |
| **Balance – June 30, 2014** | **66,425,117** | **52,085,828** | **2,625,714** | **615,859** | **480,003** | **-** | **(202,186)** | **(13,114,118)** | **42,491,100** |
| Shares issued for equity financing | 176,367,945 | 13,227,596 | - | - | - | - | - | - | 13,227,596 |
| Shares issued for other debt settlement (note 10b) | 10,027,454 | 752,059 | - | - | - | - | - | - | 752,059 |
| Shares issue cost – filing and legal fees | - | (105,886) | - | - | - | - | - | - | (105,886) |
| Stock options compensation | - | - | 469,235 | - | - | - | - | - | 469,235 |
| Warrants valuation | - | - | - | (615,859) | - | 615,859 | - | - | - |
| Convertible debentures – equity portion | - | - | - | - | (480,003) | 480,003 | - | - | - |
| Other comprehensive loss | - | - | - | - | - | - | 148,538 | - | 148,538 |
| Loss for the period | - | - | - | - | - | - | - | (7,554,188) | (7,554,188) |
| **Balance – June 30, 2015** | **252,820,516** | **$ 65,959,597** | **$ 3,094,949** | **$ -** | **$ -** | **$ 1,095,862** | **$ (53,648)** | **$ (20,668,306)** | **$ 49,428,454** |

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

## 1. Nature and Continuance of Operations

*Nature of Operations*

GB Minerals Ltd. ("GBML" or the "Company") was incorporated under British Columbia's Business Corporations Act on July 24, 2007 under the name of Resource Hunter Capital Corporation ("RHC"), which commenced trading on the TSX Venture Exchange initially as a Capital Pool Company. On June 11, 2010, RHC completed a qualifying transaction to become a tier 2 mining issuer. On February 25, 2011, RHC was acquired by Plains Creek Mining Limited ("PCM") in a reverse takeover transaction. RHC changed its name to Plains Creek Phosphate Corporation ("PCP") effective May 16, 2011, and subsequently to GB Minerals Ltd. trading under the symbol "GBL" effective March 28, 2013 and PCM subsequently changed its name to GB Mineral Holdings Ltd. ("GBM Holdings") effective June 26, 2013. The Company's registered address is 1000 – 595 Burrard Street, PO Box 49290, Three Bentall Centre, Vancouver, BC V7X 1S8.

On February 25, 2011, the Company acquired a 50.1% interest in a Swiss company GB Minerals AG ("GBM AG") and its wholly-owned subsidiary GB Minerais SARL ("GBM SARL") by cash and the issuance of shares. As a result of this transaction, the Company acquired control of GBM AG which owns the mineral rights in the Farim Phosphate Project in Guinea-Bissau. On April 4, 2013, the Company acquired the remaining 49.9% of the shares of its 50.1%-owned subsidiary, GBM AG (the "Acquisition"). The Acquisition occurred pursuant to the terms and conditions of the share purchase and exchange agreement among the Company, its wholly-owned subsidiary, GBM Holdings, GBM AG, Aterra Investments Limited ("Aterra"), and WAD Consult AG ("WAD") dated February 22, 2013 ("2013 SPEA") and allowed the Company to consolidate ownership of its phosphate mineral property in Guinea-Bissau (see note 5).

GBMH Minerals (Barbados) Ltd. ("GBMH Barbados"), a wholly-owned subsidiary of GBM Holdings, was incorporated under the Companies Act of Barbados on September 19, 2013, and GBMH Minerais, Unipessoal LDA ("GBMH Unipessoal"), a wholly-owned subsidiary of GBMH Barbados, was incorporated under the Commercial Registry of the Madeira Free Trade Zone on October 31, 2013.

*Going Concern*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and/or obtaining additional financing.

The Company's principal business activities include the acquisition, exploration, and development of the mineral rights located in Guinea-Bissau. The business of mining, exploration and development involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation properties and development programs.

## 1. Nature and Continuance of Operations (Cont'd)

*Going Concern (Cont'd)*

Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and development and in which it has an interest, in accordance with industry standards for the current stage of exploration and development 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.

Since the Company currently does not have sufficient cash on hand to continue with its exploration and development programs for the immediate future, its immediate and long term continuance is dependent on obtaining sufficient external financing (predominantly through the issuance of equity and/or debt) to realize the recoverability of its investment in its mineral rights which is dependent upon the existence of economically recoverable reserves and upon future profitable production.

As at June 30, 2015, the Company had negative working capital of $20,799,915 (June 30, 2014 - $22,377,755), and net loss of $7,554,188 for the year ended June 30, 2015 (June 30, 2014 - $4,871,967). Accordingly, these consolidated financial statements do not reflect adjustments to the carrying value of assets, liabilities, the reported expenses and balance sheet classifications used that might be necessary if the going concern assumption were not appropriate.

Additionally, the Company is currently engaged in litigation with GBM Minerals Engineering Consultants Limited ("GBMMEC") related to unpaid invoices as well as the Company's debt payable. If the Company is unable to resolve this dispute favourably or obtain favourable decision from the courts, it may have material adverse impact on its financial condition, cash flow and results of operations. The Company has withheld payment of its first five quarterly principal instalments to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defence and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the Services Agreement with GBMMEC. As a result of withholding payment, as at June 30, 2015, the Company is in default of the first five quarterly principal instalments in the aggregate amount of $6,129,375 (£3,125,000) of its debt payable. Should the Company's above-noted position not be accepted, if the debtor exercises its rights under the debt payable, the Company may be forced to liquidate its assets including mineral rights in order to repay the debt if, at that date, it lacks sufficient funds to satisfy this liability (refer to note 7 and note 11a for further discussion of the agreement and ongoing litigation).

## 2. Significant Accounting Policies

### a) Statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. In addition, these consolidated financial statements have been prepared using accrual basis of accounting except for cash flow information.

### b) Basis of presentation

The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented in these consolidated financial statements.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at September 29, 2015, the date the Board of Directors approved these consolidated financial statements for issue.

Presentation of the consolidated statements of financial position differentiates between current and non-current assets and liabilities. These consolidated statements of loss and comprehensive loss are prepared using the functional classification.

### c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, GBM Holdings (formerly Plains Creek Mining Limited) and its wholly-owned subsidiaries, GBMH Barbados and GBM AG. These consolidated financial statements also include the accounts of the wholly-owned subsidiary of GBM AG, GBM SARL, and the wholly-owned subsidiary of GBMH Barbados, GBMH Unipessoal. All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Where control of an entity is obtained during a financial period, its results are included in the consolidated statements of loss and comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

## 2. Significant Accounting Policies (Cont'd)

### d) Functional currency translation

*i) Functional and presentation currency*

Items included in the consolidated financial statements of each consolidated entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the reporting parent's functional currency. The functional currency of the reporting parent's subsidiaries, GBM Holdings, GBMH Barbados, GBMH Unipessoal, and GBM AG, are the Canadian dollar, and the functional currency of GBM AG's wholly owned subsidiary, GBM SARL, is the Central African Franc ("CFA").

The financial statements of entities that have a functional currency different from that of the reporting parent's operations are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in profit or loss. If an entity disposes part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

*ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of loss and comprehensive loss.

### e) Measurement uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

## 2. Significant Accounting Policies (Cont'd)

### e) Measurement uncertainty (Cont'd)

Significant areas requiring the use of estimates and assumptions include the review of asset carrying values and estimated useful lives, valuation and impairment of mineral rights, valuation of convertible debentures, valuation of share-based payment reserves – options and warrants, recoverability of deferred tax assets, and provision for reclamation and rehabilitation. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the consolidated financial statements of future periods could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

### f) Significant accounting judgements

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 2(e)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, level of componentization, cash-generating units, definition of segments and related parties, impairment of financial assets, fair value of the convertible feature on the convertible debentures, the determination of functional currency for the Company and its subsidiaries, provision for reclamation and obligation, and the assumption that the Company will continue as a going concern.

### g) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and highly liquid short-term interest bearing investment accounts held with reputable financial institutions that are readily convertible to known amounts of cash with original maturities of less than 90 days.

### h) Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss during the period in which they are incurred.

The major categories of equipment are amortized on a declining balance basis as follows:

| | |
|---|---|
| Machinery and equipment | 30% |
| Vehicles | 30% |
| Furniture | 30% |

## 2. Significant Accounting Policies (Cont'd)

### h) Equipment (Cont'd)

The Company allocates the amount initially recognized in respect of an item of equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of loss and comprehensive loss during the period.

### i) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

i*) Financial assets and liabilities at fair value through profit or loss*

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. The Company at this time does not have any financial instruments in this category.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit and loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

## 2. Significant Accounting Policies (Cont'd)

### i) Financial instruments (Cont'd)

*ii) Available-for-sale investment*

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company at this time does not have any financial instruments in this category.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of loss as part of interest expense or income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the statement of loss and included in other gains and losses.

*iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents, funds held in trust, and other receivable, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less a provision for impairment, if any.

*iv) Held to maturity investments*

Held to maturity investments are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured originally at fair value and then subsequently at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, the financial asset is measured at the estimated present value of future cash flows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment are recognized in the statement of loss and comprehensive loss. The Company at this time does not have any held to maturity investments.

**2. Significant Accounting Policies (Cont'd)**

**i) Financial instruments (Cont'd)**

*v) Other financial liabilities*

Other financial liabilities at amortized cost are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Other financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Company has classified its accounts payable and accrued liabilities, notes payable, debt payable, and convertible debentures as other financial liabilities.

**j) Impairment of financial assets**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

*i) Financial assets carried at amortized cost*

The loss is the difference between the amortized cost of the financial assets and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in net loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized.

**k) Revenue recognition**

Revenue will be recorded when the fair value of the consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income is recognized as it accrues using the effective interest rate method.

## 2. Significant Accounting Policies (Cont'd)

### l) Comprehensive income or loss

Comprehensive loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive loss in its consolidated statement of loss and comprehensive loss and in its consolidated statement of equity.

### m) Income taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.  Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

## 2. Significant Accounting Policies (Cont'd)

### n) Identifiable intangible assets

The Company's intangible assets include computer software that is not required for the operation of the on-site hardware and mineral rights with finite useful lives. Acquired computer software assets are capitalized and amortized on a declining balance basis as follows:

| | |
|---|---|
| Software | 50% |

Mineral Rights

The Company is in the exploration and development stage and defers all expenditures related to its mineral rights until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

*i) Pre-Exploration*

Pre-exploration costs in areas where a legal right to explore has not been obtained are expensed as incurred.

*ii) Exploration and evaluation expenditures*

Exploration and evaluation ('E&E') costs incurred after the legal right to explore is obtained, but before technical feasibility and commercial viability of the project have been demonstrated are capitalized as E&E assets. These include the costs of acquiring the licenses and directly attributable general and administrative costs. All applicable costs are capitalized as either tangible or intangible E&E assets depending on the nature of the assets acquired. The costs are accumulated in cost centers by exploration area.

*iii) Development and production costs*

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all E&E costs attributable to that area are reclassified to construction in progress within property, plant and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

## 2. Significant Accounting Policies (Cont'd)

### o) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

A CGU recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation

For the year end June 30, 2015, the Company has incurred an impairment loss of Nil (June 30, 2014 - Nil). If the discount rate associated with the Company's mineral properties was increased by 1.50%, an impairment loss of $2,685,561 would have to be recognized.

## 2. Significant Accounting Policies (Cont'd)

### p) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss (refer to note 11c).

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

### q) Share-based payments

The Company has a stock-based compensation plan, which is described in note 10. The Company uses the fair value method, utilizing the Black-Scholes option pricing model, for valuing stock options granted to directors, officers, consultants and employees. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-base payment reserve. Any consideration paid by individuals on the exercise of stock options or purchase of stock is credited to share capital plus the amounts originally recorded as share base payment reserve. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

### r) Non-monetary transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

## 2. Significant Accounting Policies (Cont'd)

### s) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

### t) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange for control of the acquiree. Transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured as the excess of the fair value of consideration paid over the fair value of the net identifiable tangible and intangible assets acquired. If the fair value of consideration paid is less than the fair value of the net identifiable tangible and intangible assets acquired, the difference is recognized directly in the consolidated statement of loss and comprehensive loss as a gain or bargain purchase.

## 2. Significant Accounting Policies (Cont'd)

### u) New accounting standards and recent pronouncements (Cont'd)

The Company adopted the following standards and amendments issued by International Accounting Standards Board, effective for its June 30, 2015 year-end.

| **International Accounting Standards** | | Effective Date |
|---|---|---|
| IAS 32 – Financial Instruments: Presentation | The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It focuses on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses, and gains; and the circumstances in which financial assets and financial liabilities should be offset. The principles in this Standard complement principles for recognizing and measuring financial assets and financial liabilities in IFRS 9, and for disclosing information about them in IFRS 7.<br><br>Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32 to clarify the existing requirements for offsetting financial instruments in the balance sheet.<br><br>The Company had adopted these amendments for the year ended June 30, 2015. These amendments had no material impact on the consolidated financial statements. | January 1, 2014 |

## 2. Significant Accounting Policies (Cont'd)

### u) New accounting standards and recent pronouncements (Cont'd)

| **International Accounting Standards** | | Effective Date |
|---|---|---|
| IAS 36 – Impairment of Assets | A consequential amendment to IFRS 13 'Fair Value Measurement', modified some of the disclosure requirements in IAS 36 'Impairment of Assets' regarding measurement of the recoverable amount of impaired assets. However, one of the amendments potentially resulted in the disclosure requirements being broader than originally intended. The IASB has rectified this through the issue of 'Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)'.<br><br>The objectives of the overall amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.<br><br>The adoption of IAS 36 had no material impact on the consolidated financial statements. The Company had provided disclosures on note 5. | January 1, 2014 |

## 2. Significant Accounting Policies (Cont'd)

### u) New accounting standards and recent pronouncements (Cont'd)

| **International Accounting Standards** | | Effective Date |
|---|---|---|
| IAS 27 – Separate Financial Statements<br><br>IFRS 10 - Consolidated Financial Statements<br><br>IFRS 12 - Disclosure of Interests in Other Entities | The objectives of the amendments include the followings:<br>• Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement<br>• Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries<br>• Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and<br>• separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated)<br><br>The adoption of these amendments had no material impact on the consolidated financial statements. The Company had provided additional disclosures on note 14. | January 1, 2014 |

## 2. Significant Accounting Policies (Cont'd)

### u) New accounting standards and recent pronouncements (Cont'd)

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2015, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

| **International Accounting Standards** | | Effective Date |
|---|---|---|
| IAS 16 – Property, Plant, and Equipment<br><br>IAS 38 – Intangible Assets | The IASB issued amendments to IAS 16 and IAS 38, which clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. | January 1, 2016 |

## 2. Significant Accounting Policies (Cont'd)

### u) New accounting standards and recent pronouncements (Cont'd)

| International Accounting Standards | | Effective Date |
|---|---|---|
| IFRS 15 – Revenue from Contracts with Customers | IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The steps in the model are as follows:<br><br>• Identify the contract with the customer<br>• Identify the performance obligations in the contract<br>• Determine the transaction price<br>• Allocate the transaction price to the performance obligations in the contracts<br>• Recognize revenue when (or as) the entity satisfies a performance obligation.<br><br>This standard will replace:<br><br>• IAS 11 Construction Contracts<br>• IAS 18 Revenues<br>• IFRIC 13 Customer Loyalty Programs<br>• IFRIC 15 Agreements for the Construction of Real Estate<br>• IFRIC 18 Transfer of Assets from Customers<br><br>Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. | January 1, 2018 |

**(Expressed in Canadian dollars)**

## 2. Significant Accounting Policies (Cont'd)

### u) New accounting standards and recent pronouncements (Cont'd)

| **International Accounting Standards** | | Effective Date |
|---|---|---|
| IFRS 9 – Financial Instruments | IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.<br><br>Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.<br><br>IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements. | January 1, 2018 |

The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements; however, no material changes are expected.

## 3. Funds held in trust

As at June 30, 2015, the Company has funds held in trust in the balance of $998 (June 30, 2014 - $1,249). The funds held in trust are not subject to any restrictions.

**(Expressed in Canadian dollars)**

## 4. Equipment

| | Machinery and equipment* | Vehicles* | Furniture | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| **Balance at June 30, 2013** | 48,365 | 224,121 | 14,835 | 287,321 |
| Additions during the period | - | - | - | - |
| Disposals during the period | - | (34,502) | - | (34,502) |
| Foreign exchange adjustments | 3,317 | 13,919 | 1,018 | 18,254 |
| **Balance at June 30, 2014** | 51,682 | 203,538 | 15,853 | 271,073 |
| Additions during the period | - | - | - | - |
| Disposals during the period | - | - | - | - |
| Foreign exchange adjustments | (2,482) | (9,775) | (761) | (13,018) |
| **Balance at June 30, 2015** | **49,200** | **193,763** | **15,092** | **258,055** |
| **Accumulated amortization** | | | | |
| **Balance at June 30, 2013** | 21,778 | 121,271 | 6,249 | 149,298 |
| Additions during the period | 8,267 | 28,855 | 2,670 | 39,792 |
| Disposals during the period | - | (23,555) | - | (23,555) |
| Foreign exchange adjustments | 1,750 | 8,251 | 511 | 10,512 |
| **Balance at June 30, 2014** | 31,795 | 134,822 | 9,430 | 176,047 |
| Additions during the period | 5,813 | 20,085 | 1,877 | 27,775 |
| Disposals during the period | - | - | - | - |
| Foreign exchange adjustments | (1,660) | (6,935) | (496) | (9,091) |
| **Balance at June 30, 2015** | **35,948** | **147,972** | **10,811** | **194,731** |
| **Net book value** | | | | |
| **June 30, 2015** | **13,252** | **45,791** | **4,281** | **63,324** |
| June 30, 2014 | 19,887 | 68,716 | 6,423 | 95,026 |
| June 30, 2013 | 26,587 | 102,850 | 8,586 | 138,023 |

***The usage of machinery and equipment, and vehicles is related to exploration activities. Of the $27,775 of amortization incurred in the year of June 30, 2015 (June 30, 2014 - $39,792), $1,917 (June 30, 2014 - $2,872) was charged to the statement of loss and comprehensive loss, and the remaining difference of $25,858 (June 30, 2014 - $36,920) was capitalized as exploration expenditures. For the year ended June 30, 2015, $7,986 (June 30, 2014 - <$9,790>) was recorded as a recovery / <loss> for the sale of four fully amortized vehicles.*

**(Expressed in Canadian dollars)**

## 5. Mineral Rights

*Farim Phosphate Project*

The Company, through its subsidiary GBM AG, owns 100% of the mineral rights of the Farim Phosphate Project located in the northern part of central Guinea-Bissau of West Africa, approximately five kilometers west of Farim and one hundred and twenty kilometers north of Bissau. The project consists of a high grade sedimentary phosphate deposit of a continuous phosphate bed, which extends over a known surface area of approximately forty square kilometers. As well, GBM AG holds a mining lease license, with the exclusive right to exploit, mine and commercialize the minerals for an initial period of twenty five years which may be extended for an additional twenty five years upon application.

| | Year Ended June 30, 2015 | Year Ended June 30, 2014 |
|---|---|---|
| Balance of exploration assets - beginning of the year | $ 71,782,758 | $ 68,583,031 |
| Expenditures capitalized during the year | 5,425,855 | 3,145,353 |
| Foreign exchange adjustments | (20,540) | 54,374 |
| Change in future tax liability | (120,815) | - |
| **Balance of exploration assets – end of the year** | **$ 77,067,258** | **$ 71,782,758** |

The Company has determined that its non-financial assets as described in note 5 are not impaired as at June 30, 2015. However, if the discount rate associated with the Company's mineral properties was increased by 1.5%, an impairment loss of $2,685,561 would have to be recognized.

**(Expressed in Canadian dollars)**

## 6. Notes Payable

As at June 30, 2015, the Company has received a total aggregate amount of $4,600,000 (June 30, 2014 - $2,750,000) in exchange for promissory notes.

The Company had the following notes payable repaid or outstanding during the year ended June 30, 2015:

| Note Amount Outstanding | Note Amount Repaid | Annual Interest | Date Issued | Date of Maturity / Extended Maturity | Date of Repayment |
|---|---|---|---|---|---|
| - | $ 500,000 | 15% | September 26, 2013 | September 5, 2014 | September 5, 2014 |
| - | $ 750,000 | 15% | November 12, 2013 | September 5, 2014 | September 5, 2014 |
| - | $ 750,000 | 15% | December 13, 2013 | September 5, 2014 | September 5, 2014 |
| - | $ 500,000 | 15% | June 3, 2014 | December 3, 2014 | September 5, 2014 |
| - | $ 250,000 | 15% | June 3, 2014 | December 3, 2014 | September 5, 2014 |
| - | $ 500,000 | 15% | November 17, 2014 | April 30, 2015 | November 26, 2014 |
| - | $ 250,000 | 15% | November 17, 2014 | April 30, 2015 | November 26, 2014 |
| $ 350,000 | - | 15% | March 5, 2015 | August 30, 2015 | - |
| $ 650,000 | - | 15% | March 19, 2015 | August 31, 2015 | - |
| $ 500,000 | - | 15% | April 10, 2015 | September 30, 2015 | - |
| $1,000,000 | - | 15% | April 10, 2015 | September 30, 2015 | - |
| $ 700,000 | - | 15% | June 1, 2015 | November 30, 2015 | - |
| $1,400,000 | - | 15% | June 1, 2015 | November 30, 2015 | - |
| **$4,600,000** | **$3,500,000** | | | | |

## 7. Debt Payable

On January 30, 2013, the Company entered into an agreement with GBMMEC to settle the amounts owing over a specified period of time. As per the agreement dated January 30, 2013 and the amended settlement deed dated July 26, 2013, the Company has the ability to:

- Review and verify all of the outstanding accounts; and
- Discuss with GBMMEC any issues or concerns as a result of the review and verification regarding the quality of the work performed or amounts owed by the Company.

The Company exercised these abilities, as described in note 11a and has commenced a counterclaim.

On August 30, 2013, the Company settled an aggregate principal amount of $3.6 million of the long-term debt with GBMMEC through issuance of 9,000,000 common shares to GBMMEC at a price of $0.40 per share. In addition, the parties agreed to defer the remainder of the quarterly principal payments and accrued interest such that they will begin on June 30, 2014.

**(Expressed in Canadian dollars)**

## 7. Debt Payable (Cont'd)

Prior to June 30, 2015, the debt outstanding was $10,158,010 (£5,178,959) (June 30, 2014 - $9,457,286), of which $10,158,010 (£5,178,959) (June 30, 2014 – $5,706,562) was due and payable within the next twelve-month period, and the remaining balance of $Nil (June 30, 2014 - $3,750,724) would become due and payable beyond the twelve-month period. The principal was payable in equal quarterly installments of $1,225,875 (£625,000) from June 30, 2014 to June 30, 2016. Prior to June 30, 2014, the Company was committed to principal repayments as follows:

| | |
|---|---|
| Year ended June 30, 2014 | $1,225,875 |
| Year ended June 30, 2015 | 4,903,500 |
| Year ended June 30, 2016 | 4,028,635 |
| | $10,158,010 |

As at June 30, 2015, the Company was in default of the first five quarterly principal installments in the aggregate amount of $6,129,375 (£3,125,000), and as a result, the debt outstanding of $10,158,010 (£5,178,959) has been classified as current (refer to note 1 and note 11a). The Debt Payable is subject to simple interest at a rate of 8.5% per annum, repayable on June 30, 2016.

## 8. Convertible Debentures

As at June 30, 2015, the Company has an aggregate outstanding amount of $Nil (June 30, 2014 - $4,514,350) in convertible debentures.

The Company had the following convertible debentures repaid during the period ended June 30, 2015:

*a) Convertible Debentures $1,000,000*

On January 15, 2013, the Company closed the first tranche of its non-brokered private placement of senior secured convertible debentures of the Company for gross proceeds of $1,000,000 issued to a shareholder of the Company. Each debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The debentures all rank pari passu in priority among each other and the principal amount and all accrued and unpaid interest were due and payable in full on March 31, 2014. Every $1,000 principal amount of the debentures was convertible at any time, at the holder's option: (a) initially, into 10,000 common shares of the Company at a price of $0.10 per common share; and (b) following a share consolidation, into common shares at a conversion price equal to $0.01 per common share multiplied by the consolidation ratio. Security for the debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the debentures when they become due and payable. The debentures are subject to a statutory four-month hold period from the date of issuance.

**8. Convertible Debentures (Cont'd)**

*a) Convertible Debentures $1,000,000 (Cont'd)*

At initial recognition, the Company allocated the proceeds of $1,000,000 of the debentures between current liabilities and the shareholders' equity. The allocation was performed by first estimating the fair value of the debentures which is the liability component in absence of the conversion feature. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be $105,815 as at January 15, 2013.

Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition. The Company did not incur any costs during this transaction.

The parties agreed to extend the maturity date of these convertible debentures to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.
The Company repaid the convertible debentures and all accrued interest on September 5, 2014.

*b) Convertible Debentures $500,000*

On February 6, 2013, the Company closed the second tranche of its non-brokered private placement of senior secured convertible debentures of the Company for gross proceeds of $500,000. Each debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The debentures all rank pari passu in priority among each other and the principal amount and all accrued and unpaid interest was due and payable in full on March 31, 2014. Every $1,000 principal amount of the debentures was convertible at any time, at the holder's option: (a) initially, into 10,000 common shares of the Company at a price of $0.10 per common share; and (b) following the Share Consolidation, into common shares at a conversion price equal to $0.01 per common share multiplied by the consolidation ratio. Security for the debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the debentures when they become due and payable. The debentures are subject to a statutory four-month hold period from the date of issuance.

At initial recognition, the Company allocated the proceeds of $500,000 of the debentures between current liabilities and the shareholders' equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be $50,775 as at February 6, 2013.

Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition. The Company did not incur any costs during this transaction.

## 8. Convertible Debentures (Cont'd)

*b) Convertible Debentures $500,000 (Cont'd)*

On July 16, 2013, $100,000 of the second tranche convertible debentures was re-registered to an existing shareholder of the Company. The terms and conditions of these re-registered convertible debentures remain the same as described above. The maturity date of $100,000 of these re-registered convertible debentures was extended to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014. The Company repaid the $100,000 convertible debentures and all accrued interest on September 5, 2014.

The parties agreed to extend the maturity date of $400,000 of the second tranche convertible debentures to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014, in exchange for the Company repaying the second tranche debenture holder a total aggregate of $100,000 principal owing on the second tranche debenture by April 4, 2014 (or as soon as reasonably possible after the Company receives payment instructions from the debenture holder). The Company repaid principal amounts of $100,000 on April 1, 2014, and repaid the remaining $300,000 convertible debentures and all accrued interest on September 5, 2014.

*c) Convertible Debentures $430,000*

On March 22, 2013, the Company closed the third tranche of its non-brokered private placement of senior secured convertible debentures of the Company for gross proceeds of $430,000. Each debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The debentures all rank pari passu in priority among each other and the principal amount and all accrued and unpaid interest were due and payable in full on March 31, 2014. Every $1,000 principal amount of the debentures was convertible at any time, at the holder's option: (a) initially, into 10,000 common shares of the Company at a price of $0.10 per common share; and (b) following the Share Consolidation, into common shares at a conversion price equal to $0.01 per common share multiplied by the consolidation ratio. Security for the debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the debentures when they become due and payable. The debentures are subject to a statutory four-month hold period from the date of issuance.

At initial recognition, the Company allocated the proceeds of $430,000 of the debentures between current liabilities and the shareholders' equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be $39,884 as at March 22, 2013.

Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition. The Company paid finder's fee of $21,500 in connection with the transaction.

## 8. Convertible Debentures (Cont'd)

*c) Convertible Debentures $430,000 (Cont'd)*

The parties agreed to extend the maturity date of $430,000 of the third tranche convertible debentures to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014, in exchange for the Company repaying the third tranche debenture holders an aggregate of $215,000 principal owing, plus an additional fee of $10,000 in connection with the consent of the extension by April 4, 2014 (or as soon as reasonably possible after the Company receives payment instructions from the debenture holder). The Company repaid principal amounts of $215,000 plus the fee of $10,000 on April 7, 2014, and repaid the remaining $215,000 and all accrued interest on September 5, 2014.

*d) Convertible Debentures $1,000,000*

On April 4, 2013, the Company closed the fourth tranche of its non-brokered private placement of senior secured convertible debentures of the Company for gross proceeds of $1,000,000 issued to a shareholder of the Company. Each debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The debentures all rank pari passu in priority among each other and the principal amount and all accrued and unpaid interest were due and payable in full on March 31, 2014. Every $1,000 principal amount of the debentures was convertible at any time, into common shares of the Company at a conversion price of $0.20 per common share. Security for the debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the debentures when they become due and payable.

At initial recognition, the Company allocated the proceeds of $1,000,000 of the debentures between current liabilities and the shareholders' equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be $90,084 as at April 4, 2013.

Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition. The Company did not incur any costs during this transaction.

The parties agreed to extend the maturity date of these convertible debentures to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014. The Company repaid the convertible debentures and all accrued interest on September 5, 2014.

## 8. Convertible Debentures (Cont'd)

*e) Convertible Debentures $70,000*

On April 4, 2013, the Company closed the fourth tranche of its non-brokered private placement of senior secured convertible debentures of the Company for gross proceeds of $70,000. Each debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The debentures all rank pari passu in priority among each other and the principal amount and all accrued and unpaid interest were due and payable in full on March 31, 2014. Every $1,000 principal amount of the debentures was convertible at any time, into common shares of the Company at a conversion price of $0.20 per common share. Security for the debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the debentures when they become due and payable.

At initial recognition, the Company allocated the proceeds of $70,000 of the debentures between current liabilities and the shareholders' equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be $6,307 as at April 4, 2013.

Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition. The Company paid finder's fee of $3,500 in connection with this final tranche of the Private Placement.

The parties agreed to extend the maturity date of these convertible debentures to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014, in exchange for the Company repaying the debenture holder $35,000 principal owing on the final tranche debenture by April 4, 2014 (or as soon as reasonably possible after the Company receives payment instructions from the debenture holder). The Company repaid principal amounts of $35,000 on April 7, 2014, and repaid the remaining $35,000 of principal and all accrued interest on September 5, 2014.

*f) Convertible Debentures $2,000,000*

On March 18, 2014, the Company closed a non-brokered private placement of senior secured convertible debentures of the Company for gross proceeds of $2,000,000 issued to two shareholders of the Company, with each shareholder subscribed for $1,000,000 respectively. Each debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The debentures rank pari passu in priority with all other debentures from time to time issued, including certain previously issued debentures, and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2015. Every $1,000 principal amount of the debentures is convertible at any time, into common shares of the Company at a conversion price of $0.20 per common share. Security for the debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the debentures when they become due and payable.

**(Expressed in Canadian dollars)**

## 8. Convertible Debentures (Cont'd)

*f) Convertible Debentures $2,000,000 (Cont'd)*

At initial recognition, the Company allocated the proceeds of $2,000,000 of the debentures between current liabilities and the shareholders' equity. The allocation was performed by first estimating the fair value of the debentures which is the liability component in absence of the conversion feature. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be $187,138 as at March 18, 2014.

Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition. The Company did not incur any costs during this transaction.

The Company repaid the convertible debentures and all accrued interest on September 5, 2014, and as a result of early repayment of the convertible debentures herein, a loss on the unamortized convertible debentures settlement in the amount of $102,480 (June 30, 2014 - Nil) was recognized for the period ended June 30, 2015, representing the non-acreeted equity component of the convertible debentures.

## 9. Income Taxes and Deferred Tax

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

a) Deferred Income Tax Assets and Liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

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

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Non-capital tax losses carried forward | $ 5,264,492 | $ 3,561,904 |
| Exploration and development expenses | 36,736 | 36,736 |
| Financing fees | 268,783 | 344,522 |
| Unrealized gains on foreign exchange | 206,695 | - |
| | $ 5,776,706 | $ 3,943,161 |

**(Expressed in Canadian dollars)**

**9. Income Taxes and Deferred Tax (Cont'd)**

b) Deferred Income Tax Assets and Liabilities

As at June 30, 2015, the Company's deferred income tax liability of $6,829,023 (June 30, 2014 - $6,949,838) is attributable to differences between the book value and the tax value at acquisition of GBM AG (refer to note 1).

c) Non-capital Losses

As at June 30, 2015, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years of $17,344,942 expiring as follows:

| | |
|---|---|
| Year 2028 | $ 33,427 |
| Year 2029 | $ 140,605 |
| Year 2030 | $ 134,568 |
| Year 2031 | $1,099,158 |
| Year 2032 | $2,545,442 |
| Year 2033 | $2,830,248 |
| Year 2034 | $5,517,952 |
| Year 2035 | $5,043,542 |

As at June 30, 2015, the Company can carry forward non-capital losses in Switzerland to reduce taxable income in future years of $5,169,909 expiring as follows:

| | |
|---|---|
| Year 2016 | $1,870,366 |
| Year 2017 | $1,634,654 |
| Year 2018 | $ 826,555 |
| Year 2019 | $ 636,957 |
| Year 2020 | $ 201,378 |

d) Income Tax Reconciliation

| | Year Ended June 30, 2015 | Year Ended June 30, 2014 |
|---|---|---|
| Income tax recovery expected at statutory rates | $ (1,964,089) | $ (1,270,161) |
| Foreign jurisdiction tax rate difference | 95,861 | 59,235 |
| No tax benefit of losses due to foreign jurisdiction tax holiday | 182,834 | 193,058 |
| Effect of changes in enacted rate and other | 14,476 | (140,208) |
| Permanent differences | 210,503 | 177,245 |
| Temporary differences for which no deferred tax asset is realized | 11,186 | (825,739) |
| Loss carryforwards the benefit of which is not recognized | 1,449,229 | 1,806,570 |
| Income taxes (recovery) | $ - | $ - |

**(Expressed in Canadian dollars)**

## 10. Share Capital

*a) Authorized*

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value

*b) Issued and outstanding*

Issued common shares are as follows:

| | Number of shares | Amount |
|---|---|---|
| **Balance, June 30, 2013** | 40,005,054 | $ 47,469,513 |
| Shares issued for equity financing (b)(i) | 15,000,000 | 3,000,000 |
| Shares issued for settlement of GBMMEC debt (b)(ii) | 9,000,000 | 1,350,000 |
| Shares issued for settlement of other debt (b)(iii)(iv) | 620,063 | 90,509 |
| Shares issued for compensation for services (b)(v) | 1,800,000 | 234,000 |
| Shares issue costs – filling and legal fees | - | (58,194) |
| **Balance, June 30, 2014** | 66,425,117 | 52,085,828 |
| Shares issued for equity financing (b)(vi)(viii) | 176,367,945 | 13,227,596 |
| Shares issued for settlement of other debt (b)(vii) | 10,027,454 | 752,059 |
| Shares issue costs – filling and legal fees | - | (105,886) |
| **Balance, June 30, 2015** | **252,820,516** | **$ 65,959,597** |

i) On August 28, 2013, the Company closed a non-brokered private placement of 15,000,000 common shares of the Company at a price of $0.20 per share and raised aggregate gross proceeds of $3,000,000. The shares were purchased by an existing shareholder of the Company.

ii) On August 30, 2013, the Company settled an aggregate principal amount of $3.6 million of the long-term debt described in note 7 with GBMMEC through issuance of 9,000,000 common shares to GBMMEC at a price of $0.40 per share, of which $0.15 per share was allocated to the value of the common shares in the amount of $1,350,000, and the remaining $0.25 per share was allocated as a gain on settlement of debt in the amount of $2,250,000. These shares were subject to a four-month hold period and will be locked up for a period of 21 months in accordance with the lock-up agreement between the Company and GBMMEC dated August 30, 2013, wherein 2.25 million shares were subject to a 12-month lock-up period, 2.25 million shares were subject to a 15-month lock-up period, 2.25 million shares were subject to a 18-month lock-up period, and 2.25 million shares were subject to a 21-month lock-up period.

**10. Share Capital (Cont'd)**

*b) Issued and outstanding (Cont'd)*

iii) On August 26, 2013, the Company settled an aggregate $48,025 owed to a creditor for advisory services provided to the Company, by the issuance of a total of 120,063 common shares of the Company at a deemed price of $0.40 per share, of which $0.15 per share was allocated to the value of the common shares in the amount of $18,009, and the remaining $0.25 per share was allocated as a gain on settlement of debt in the amount of $30,016. The shares were subject to a four month holding period.

vi) On October 5, 2013, the Company settled an aggregate $200,000 owed to a creditor for advisory work related to project financing provided to the Company by the issuance of a total of 500,000 common shares of the Company at a deemed price of $0.40 per share, in which $0.145 was allocated to the value of the common shares in the amount of $72,500, and the remaining $0.255 per share was allocated as a gain on settlement of debt in the amount of $127,500. The shares were subject to a four month holding period.

v) On December 30, 2013, the Company issued 1,800,000 common shares to a director of the Company in consideration of services provided pursuant to a consulting agreement whereby the shares were valued at the five day average trading price of $0.13 per share as of the date on which the amount of compensation for services was approved by the board on November 18, 2013 for an aggregate value of $234,000.

vi) On August 29, 2014, the Company closed a non-brokered private placement of 136,367,945 common shares of the Company at a price of $0.075 per share and raised aggregate gross proceeds of $10,227,596. The common shares were purchased by various existing shareholders of the Company. The common shares were subject to a four-month hold period from the date of issuance.

vii) On September 30, 2014, the Company settled an aggregate $752,059 in outstanding debt owed to creditors in connection with consulting and advisory services previously provided to the Company and to former and current directors of the Company for their outstanding directors' fees, by issuance of a total of 10,027,454 common shares of the Company at $0.075 per share. The common shares were subject to a four-month holding period from the date of issuance.

viii) On December 10, 2014, the Company closed a non-brokered private placement of 40,000,000 common shares of the Company at a price of $0.075 per share and raised aggregate gross proceeds of $3,000,000. The common shares were purchased by two existing shareholders of the Company. The common shares were subject to a four-month hold period from the date of issuance.

**(Expressed in Canadian dollars)**

## 10. Share Capital (Cont'd)

c) *Stock options and share-based payment*

The Company has a stock option plan that allows for the issuance of options to purchase shares at specific prices for a specific period of time. The maximum number of shares issuable pursuant to options granted under the plan is limited to 10% of the total issued and outstanding common shares subject to shareholder approval. All directors, officers, employees, and consultants are eligible to participate in the plan. Vesting of options under the plan shall be at the discretion of the Board and will be subject to various vesting periods to reflect the nature of the options. The option price under the plan will not be less than the market price of the common shares on the date of grant. The expiry date for each option will be set by the Board of Directors at the time of issue of the option which shall not normally be more than seven years from the date the option is granted.

As at June 30, 2015, the Company had 15,034,500 (June 30, 2014 – 4,432,000) stock options outstanding. The following table summarizes information about stock options outstanding:

| | Number | Amount | Weighted average exercise price |
|---|---|---|---|
| **Balance, June 30, 2013** | 1,167,000 | $ 2,041,137 | $ 0.58 |
| Stock options vested (c)(i) | - | 8,008 | 0.20 |
| Stock options vested (c)(ii) | - | 832 | 0.20 |
| Stock options granted (c)(iii) | 2,000,000 | 359,665 | 0.20 |
| Stock options granted (c)(iv) | 333,000 | 54,472 | 0.20 |
| Stock options granted (c)(v) | 500,000 | 51,020 | 0.20 |
| Stock options forfeited (c)(vi) | (10,000) | - | 2.60 |
| Stock options forfeited (c)(vi) | (75,000) | - | 3.00 |
| Stock options granted (c)(vii) | 917,000 | 110,580 | 0.20 |
| Stock options forfeited (c)(viii) | (400,000) | - | 0.20 |
| **Balance, June 30, 2014** | 4,432,000 | 2,625,714 | 0.25 |
| Stock options vesting adjustment (c)(i) | - | 704 | 0.20 |
| Stock options vesting adjustment (c)(ii) | - | 33 | 0.20 |
| Stock options vested (c)(iii) | - | (9,787) | 0.20 |
| Stock options vested (c)(iv) | - | 8,530 | 0.20 |
| Stock options vested (c)(v) | - | 5,478 | 0.20 |
| Stock options vested (c)(vii) | - | 21,728 | 0.20 |
| Stock options forfeited (c)(ix) | (500,000) | - | 0.20 |
| Stock options granted (c)(x) | 11,150,000 | 432,306 | 0.075 |
| Stock options vesting adjustment (c)(x) | - | 9,047 | 0.075 |
| Stock options vesting adjustment (c)(xi) | - | 1,196 | 2.00 |
| Stock options forfeited (c)(xii) | (47,500) | - | 2.80 |
| **Balance, June 30, 2015** | **15,034,500** | **$ 3,094,949** | **$ 0.11** |

**(Expressed in Canadian dollars)**

**10. Share Capital (Cont'd)**

*c) Stock options and share-based payment (Cont'd)*

The following table summarizes the options outstanding and exercisable at June 30, 2015:

| Options outstanding at June 30, 2015 | Exercise price | Options exercisable at June 30, 2015 | Expiry date |
|---|---|---|---|
| 12,000 | $ 2.00 | 12,000 | September 24, 2017 |
| 22,500 | 3.00 | 22,500 | March 24, 2018 |
| 965,000 | 0.20 | 965,000 | January 30, 2020 |
| 35,000 | 0.20 | 35,000 | March 25, 2020 |
| 1,933,000 | 0.20 | 1,933,000 | August 8, 2020 |
| 917,000 | 0.20 | 917,000 | September 26, 2020 |
| 11,150,000 | 0.075 | 11,150,000 | December 31, 2021 |
| 15,034,500 | $ 0.12 | 15,034,500 | |

i) The remaining estimated fair value of $8,008 of the 965,000 stock options issued to a director of the Company on January 30, 2013 was vested and became exercisable on July 31, 2103. The assumptions utilized in determining the value of the 965,000 stock options granted on January 30, 2013 was a share price of $0.10, an exercise price of $0.20, a risk-free interest rate of 1.50%, volatility of 203%, expected yield of nil, and an expected life of 5 years. The total estimate of the fair value of the 965,000 stock options issued on January 30, 2013 was $93,510, of which 50% was immediately vested and exercisable upon issuance, and the remaining 50% became exercisable on July 31, 2013. On June 11, 2015, the amended and restated stock option plan approved by the Company's shareholders allow each option, unless sooner terminated, expires on a date to be determined by the board of directors which will not exceed 7 years from the date the option is granted, and as a result, an option vesting adjustment for the extended expected life of 2 years of the estimated fair value of $704 was recorded during the year ended June 30, 2015.

ii) The remaining estimated the fair value of $832 of the additional 35,000 stock options issued to the same director of the Company as per note 10(c)(i) on March 25, 2013 was vested and became exercisable on July 31, 2013. The assumptions utilized in determining the value of the 35,000 stock options granted on March 25, 2013 was a share price of $0.20, an exercise price of $0.20, a risk-free interest rate of 1.32%, volatility of 210%, expected yield of nil, and an expected life of 5 years. The total estimate of the fair value of the 35,000 options issued on March 25, 2013 was $6,871, of which 50% was immediately vested and exercisable upon issuance, and the remaining 50% became exercisable on July 31, 2013. On June 11, 2015, the amended and restated stock option plan approved by the Company's shareholders allow each option, unless sooner terminated, expires on a date to be determined by the board of directors which will not exceed 7 years from the date the option is granted, and as a result, an option vesting adjustment for the extended expected life of 2 years of the estimated fair value of $33 was recorded during the year ended June 30, 2015.

**10. Share Capital (Cont'd)**

c) *Stock options and share-based payment (Cont'd)*

iii) On August 8, 2013, 2,000,000 stock options were granted to directors of the Company. The assumptions utilized in determining the value of the 2,000,000 stock options granted was a share price of $0.19, an exercise price of $0.20, a risk-free interest rate of 2.13%, volatility of 215%, expected yield of nil, and an expected life of 7 years. The estimate of the fair value of the 2,000,000 stock options issued was $378,394, of which one-third was vested immediately, one-third vested on February 8, 2014, and the remaining one-third vested on August 8, 2014. On April 15, 2014, 400,000 of the 2,000,000 stock options granted on August 8, 2013 were forfeited (refer to note 10c (viii), and as a result, only $349,878 of the total estimated fair value was vested during the years ended June 30, 2014 and 2015.

iv) On August 8, 2013, 333,000 stock options were granted to an officer and a consultant of the Company. The assumptions utilized in determining the value of the 333,000 stock options granted was a share price of $0.19, an exercise price of $0.20, a risk-free interest rate of 2.13%, volatility of 215%, expected yield of nil, and an expected life of 7 years. The estimate of the fair value of the 333,000 stock options issued was $63,003, of which one-third vested immediately, one-third vested on February 8, 2014, and the remaining one-third vested on February 8, 2015.

v) On August 8, 2013, 500,000 stock options were granted to an officer of the Company. The assumptions utilized in determining the value of the 500,000 stock options granted was as share price of $0.19, an exercise price of $0.20, a risk-free interest rate of 1.77%, volatility of 215%, expected yield of nil, and an expected life of 5 years. The estimate of the fair value of the 500,000 stock options issued was $93,490, of which one-third vested on August 8, 2014, one-third will vest on August 8, 2015, and the remaining one-third will vest on August 8, 2016. These options were forfeited on October 21, 2014 (refer to note 10c (ix)), and as a result, only $51,020 and $5,478 of the total estimated fair value was vested, respectively, for the year ended June 30, 2014 and June 30, 2015.

vi) On August 31, 2013, the following options were forfeited:

a) 10,000 at a price of $2.60 each. These expired or forfeited options were granted on February 28, 2011.

b) 75,000 at a price of $3.00 each. These expired or forfeited options were granted on March 24, 2011.

vii) On September 26, 2013, 917,000 stock options were granted to directors, officers, and consultants of the Company. The assumptions utilized in determining the value of the 917,000 stock options granted was a share price of $0.145, an exercise price of $0.20, a risk-free interest rate of 2.21%, volatility of 215%, expected yield of nil, and an expected life of 7 years. The estimate of the fair value of the 917,000 stock options issued was $132,308, of which one-third vested immediately, one-third vested on March 26, 2014, and the remaining one-third vested on March 26, 2015.

**10. Share Capital (Cont'd)**

*c) Stock options and share-based payment (Cont'd)*

viii) On April 15, 2014, 400,000 stock options at a price of $0.20 each were forfeited. These expired or forfeited options were granted on August 8, 2013, as described in note 10c (iii) herein.

ix) On October 21, 2014, 500,000 stock options at a price of $0.20 each were forfeited. These forfeited options were granted on August 8, 2013, as described in note 10c (v) herein.

x) On December 31, 2014, 11,150,000 stock options were granted to directors, officers, and consultants of the Company. The assumptions utilized in determining the value of the 11,150,000 stock options granted was a share price of $0.04, an exercise price of $0.075, a risk-free interest rate of 1.34%, volatility of 203%, expected yield of nil, and an expected life of 5 years. The estimate of the fair value of the 11,150,000 stock options issued was $432,306, of which one-half vested immediately, and the remaining one-half vested on June 30, 2015. On June 11, 2015, the amended and restated stock option plan approved by the Company's shareholders allow each option, unless sooner terminated, expires on a date to be determined by the board of directors which will not exceed 7 years from the date the option is granted, and as a result, an option vesting adjustment for the extended expected life of 2 years of the estimated fair value of $9,047 was recorded during the year ended June 30, 2015.

xi) On June 11, 2015, the amended and restated stock option plan approved by the Company's shareholders allow each option, unless sooner terminated, expires on a date to be determined by the board of directors which will not exceed 7 years from the date the option is granted, and as a result, an option vesting adjustment for the extended expected life of 2 years of the estimated fair value of $1,196 was recorded for the 22,000 options at a price of $2.00 each granted on September 24, 2010. No option vesting adjustment was recorded for the 60,000 options granted at a price of $3.00 each granted on March 24, 2011 due to the decrease in expected life on these options.

xii) On June 17, 2015, the following options were forfeited:

c) 10,000 at a price of $2.00 each. These expired or forfeited options were granted on September 24, 2010.

d) 37,500 at a price of $3.00 each. These expired or forfeited options were granted on March 24, 2011.

**(Expressed in Canadian dollars)**

## 10. Share Capital (Cont'd)

*d) Warrant Reserve*

As at June 30, 2015, the Company had Nil (June 30, 2014 – Nil) warrants outstanding. The following table summarizes information about warrants outstanding:

| | Number | Amount | Weighted average exercise price |
|---|---|---|---|
| **Balance, June 30, 2013** | 1,137,500 | $ 615,859 | $ 2.00 |
| Warrants expired (d)(i) | (507,812) | - | 2.20 |
| Warrants expired (d)(ii) | (507,813) | - | 2.20 |
| Warrants expired (d)(iii) | (60,937) | - | 1.60 |
| Warrants expired (d)(iv) | (60,938) | - | 1.60 |
| **Balance, June 30, 2014** | - | 615,859 | - |
| Warrants reallocated to contributed surplus | | (615,859) | - |
| **Balance, June 30, 2015** | **-** | **$ -** | **$ -** |

i) On July 17, 2013, 507,812 warrants at a price of $2.20 each expired.

ii) On September 8, 2013, 507,813 warrants at a price of $2.20 each expired.

iii) On January 17, 2014, 60,937 warrants at price of $1.60 each expired.

iv) On March 17, 2014, 60,938 warrants at price of $1.60 each expired.

## 11. Commitments and Contractual Arrangements

a) On October 23, 2013, the Company exercised its right under the settlement deed entered into with GBMMEC on January 30, 2013 and subsequently amended on July 26, 2013 (the "Settlement Deed"), as described in note 7, to request clarifications on GBMMEC's unpaid invoices (the "Request for Clarifications"). These invoices were issued in relation to a contract entered into on January 18, 2010 between GBM Holdings and GBMMEC for the provision by GBMMEC of engineering consultancy services, including the production of a full feasibility study on the Farim Project (the "GBMMEC Services Agreement"). To date, most of the issues raised by the Company in its Request for Clarifications remain unanswered.

On January 7, 2014, the Company announced that GBMMEC commenced a claim against GBM Holdings before the courts of England to obtain payment of an amount totaling $1,165,109 (£594,019) plus interest and costs, for unpaid professional fees invoiced during the period from March 2013 to September 2013 under the GBMMEC Services Agreement. The invoices have been accrued by the Company as at June 30, 2015 in accounts payable and accrued liabilities.

## 11. Commitments and Contractual Arrangements (Cont'd)

On March 21, 2014, GBM Holdings filed a defense and counterclaim seeking damages arising out of GBMMEC's breaches of the GBMMEC Services Agreement and the return of historical payments made in respect of apparently incorrect and/or unsubstantiated invoices. GBM Holdings intends to continue to defend the claim and pursue the counterclaim. Although a proceedings calendar is yet to be established by the courts, it is expected that the trial will not take place before the autumn of calendar year 2015.

b) The Company has committed $26,820 (June 30, 2014 – $23,481) to future minimum payments as at June 30, 2015 under a renewed Canadian operating service agreement on the rental of an office space located at #1500 – 701 West Georgia Street, Vancouver, BC.

c) Although the ultimate amount of the environmental rehabilitation provision is uncertain, the best estimate of these obligations is based on information currently available, including environmental management plans, demobilization and ecological restoration plans and applicable regulations. Significant environmental management activities include site restoration and environmental regulations.

The provision for environmental rehabilitation as at June 30, 2015 is $73,255 (June 30, 2014 - $59,228). The provision was determined using a discounted cash flow rate of 2.38% and an estimated life of mine of 25 years for the Farim phosphate mining property.

## 12. Capital Management

As at June 30, 2015, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of $65,959,597 (June 30, 2014 - $52,085,828), share-based payment reserve for options of $3,094,949 (June 30, 2014 – $2,625,714), share-based payment reserve for warrants of $Nil (June 30, 2014 - $615,859), fair value of convertible feature on convertible debentures of $Nil (June 30, 2014 - $480,003), contributed surplus of $1,095,862 (June 30, 2014 - $Nil), and deficit of $20,668,306 (June 30, 2014 - $13,114,118).

The Company's objective when managing capital structure is to ensure at its best effort that sufficient financial resources exist to meet the Company's strategic exploration and development objectives, and to ensure at its best effort that the Company continues as a going concern. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its immediate financial obligations and the Company's capital programs. There is risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available, and the Company may not be able to raise sufficient financing, or do so on a cost-effective basis. The failure of the Company to raise further financing would limit its ability to advance its business plan and carry on current activities.

The Company is an exploration stage company and is currently unable to self-finance its operations. The Company has relied on equity and/or debt financing in the past to raise sufficient funds to carry out its exploration and evaluation and acquisition activities and pay its administrative costs. Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable.

**(Expressed in Canadian dollars)**

### 13. Related Party Transactions

The Company had the following transactions with directors, officers and companies related by virtue of directors and officers in common.

| | Reference | Year Ended June 30, 2015 | Year Ended June 30, 2014 |
|---|---|---|---|
| Management and consulting fees | a | $ 856,927 | $ 1,061,439 |
| Director fees | b | 124,000 | 123,333 |
| Stock options compensation, non-cash | c | 338,655 | 562,920 |
| Share-based payments, non-cash | d | 489,761 | 234,000[1] |
| Interest expense | e | 306,019 | 677,233 |
| Total | | $ 2,115,362 | $ 2,658,925 |

[1] The Company issued 1,800,000 common shares at $0.13 per share for an aggregate value of $234,000 to a director of the Company in consideration of services provided pursuant to a consulting agreement dated January 30, 2013.

a) For the year ended June 30, 2015, the Company paid or accrued management and consulting fees of $156,000 (June 30, 2014 - $316,000), of which $13,000 was non-cash share-based payments (refer to note 13d), to Monmouth Ltd., a company controlled by a director of the Company; $462,000 (June 30, 2014 - $323,150) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; $18,553 (June 30, 2014 - $265,983) to an officer of the Company of which $4,282 (June 30, 2014 - $79,795) was included in the capitalization of exploration expenditures; $160,000 (June 30, 2014 - $130,000), of which $8,000 was non-cash share-based payments (refer to note 13d), to Artisan Consulting Ltd, a company controlled by an officer of the Company; and $60,374 (June 30, 2014 - $26,306) to De Jong Capital LLC, a company controlled by a director of the Company.

   For the year ended June 30, 2015, the Company incurred $856,927 (June 30, 2014 - $1,061,439) of management and consulting fees to related parties by virtue of directors and officers in common, and of which $539,708 (June 30, 2014 - $396,208) were included in accounts payable and accrued liabilities as at June 30, 2015.

b) For the year ended June 30, 2015, the Company incurred director fees of $124,000 (June 30, 2014 - $123,333), and of which $116,000 (June 30, 2014 - $85,333) were included in accounts payable and accrued liabilities as at June 30, 2015.

c) For the year ended June 30, 2015, $338,655 (June 30, 2014 – $562,920) of stock options were vested. These stock options are non-cash stock-based compensation issued to directors, officers, and companies related by virtue of directors and officers in common.

## 13. Related Party Transactions (Cont'd)

d) For the year ended June 30, 2015, the Company had share-based payments in an aggregate amount of $489,761 (June 30, 2014 - $234,000[1]) to settle outstanding debt owed to related parties by virtue of directors, officers, and shareholders (as described in note 6, 8a, 8b, 8d, and 8f) in connection with consulting and advisory services previously provided to the Company and to current directors of the Company for their outstanding directors' fees, by issuance of a total of 6,530,148 common shares of the Company at $0.075 per share. The common shares were subject to a four-month holding period from the date of issuance.

e) For the year ended June 30, 2015, the Company expensed interest of $143,969 (June 30, 2014 - $620,530) on the convertible debentures described in notes 8a, 8b, 8d, and 8f to A.B. Aterra Investments Ltd. (formerly "Aterra Investments Ltd.") ("Aterra"), a shareholder of the Company; and $77,486 (June 30, 2014 - $Nil) on the note payable described in note 6 to A.B. Aterra Resources Ltd., a related company of Aterra, and of which $77,486 were included in accounts payable and accrued liabilities as at June 30, 2015. As at June 30, 2015, the Company has note payable in the principal amount of $3,050,000 outstanding to A.B. Aterra Resources Limited (refer to note 6).

For the year ended June 30, 2015, the Company expensed interest of $84,564 (June 30, 2014 - $56,703) on the notes payable described in note 6 and convertible debentures described in note 8f to Alpha Infrastructure LLC ("Alpha"), a shareholder of the Company, and of which $41,815 were included in accounts payable and accrued liabilities as at June 30, 2015. As at June 30, 2015, the Company has note payable in the principal amount of $1,550,000 outstanding to Alpha (refer to note 6).

These transactions are in the normal course of operations and are recorded at the exchange value agreed to by the related parties.

## 14. Subsidiaries

The following entities are all of the subsidiaries of the Company as at June 30, 2015:

i) GB Minerals Holdings Ltd. ("GBM Holdings"), a company existing under the laws of British Columbia and wholly-owned by the Company;

ii) GB Minerals AG ("GBM AG"), a company existing under the laws of Switzerland and wholly-owned by GBM Holdings;

iii) GBMH Minerals (Barbados) Ltd. ("GBMH Barbados"), a company existing under the laws of Barbados and wholly-owned by GBM Holdings;

iv) GBMH Minerais, Unipessoal, Lda. ("GBMH Unipessoal"), a company existing under the laws of Madeira (Portugal) and wholly-owned by GBMH Barbados; and

v) GB Minerais SARL ("GBM SARL"), a company existing under the laws of Guinea-Bissau and wholly-owned by GBM AG.

**(Expressed in Canadian dollars)**

## 15. Segmented Information

As at June 30, 2015, the Company has total assets of $78,755,854 (June 30, 2014 - $72,330,589) and net loss of $7,554,188 (June 30, 2014 - $4,871,967) for the year ended June 30, 2015. The Company operates in three reportable segments: North America, Europe and Africa. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

| | North America | Europe | Africa | Total |
|---|---|---|---|---|
| Assets | $ 1,520,008 | $ 8,343 | $ 77,227,503 | $ 78,755,854 |
| Net Loss | $ 6,908,817 | $ (56,124) | $ 701,495 | $ 7,554,188 |

## 16. Financial Instruments

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

### Fair value and classification

As at June 30, 2015, the Company's financial instruments consist of cash and cash equivalents, funds held in trust, other receivable, accounts payable and accrued liabilities, notes payable, and debt payable. These financial instruments are classified as loans and receivables or other financial liabilities and are carried at amortized cost. The fair values of cash and cash equivalents, funds held in trust, other receivable, and accounts payable and accrued liabilities, and notes payable approximate their carrying values due to the short-term nature of these instruments. The fair value of debt payable approximates carrying value due to the market interest rate. As at June 30, 2015, the Company's financial instruments are classified and issued as follows:

| Financial Instrument | Classification | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Cash and cash equivalents | Loans and receivables | $ 1,020,839 | $ - | $ - |
| Funds held in trust | Loans and receivables | 998 | - | - |
| Other receivable | Loans and receivables | - | - | 141,159 |
| Accounts payable and accrued liabilities | Other financial liabilities | - | - | 7,667,112 |
| Notes payable | Other financial liabilities | - | - | 4,600,000 |
| Debt payable | Other financial liabilities | - | - | 10,158,010 |
| | | $ 1,021,837 | $ - | $22,566,281 |

**(Expressed in Canadian dollars)**

## 16. Financial Instruments (Cont'd)

### Fair value and classification (Cont'd)

As at June 30, 2014, the Company's financial instruments consist of cash and cash equivalents, funds held in trust, other receivable, bank indebtedness, accounts payable and accrued liabilities, notes payable, debt payable, and convertible debentures. These financial instruments are classified as loans and receivables or other financial liabilities and are carried at amortized cost. The fair values of cash and cash equivalents, funds held in trust, other receivable, bank indebtedness, accounts payable and accrued liabilities, notes payable, and convertible debentures, approximate their carrying values due to the short-term nature of these instruments. The fair value of debt payable approximates carrying value due to the market interest rate. As at June 30, 2014, the Company's financial instruments are classified and issued as follows:

| Financial Instrument | Classification | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Cash and cash equivalents | Loans and receivables | $ 351,525 | $ - | $ - |
| Funds held in trust | Loans and receivables | 1,249 | - | - |
| Other receivable | Loans and receivables | - | - | 20,107 |
| Bank indebtedness | Other financial liabilities | 26 | - | - |
| Accounts payable and accrued liabilities | Other financial liabilities | - | - | 6,108,761 |
| Notes payable | Other financial liabilities | - | - | 2,750,000 |
| Debt payable | Other financial liabilities | - | - | 9,457,286 |
| Convertible debentures | Other financial liabilities | - | - | 4,514,350 |
| | | $ 352,800 | $ - | $22,850,504 |

### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Although the Company takes steps at its best effort to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs, there is no assurance that any steps taken by the Company will be successful in this regard, and there is risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available.

The Company will issue equity at its best effort to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its immediate financial obligations and the Company's capital programs. However, there is risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available, and the Company may not be able to raise financing of sufficient magnitude, or on a cost-effective basis. The failure of the Company to raise further financing would limit the ability of the Company to advance its business plan and carry on current activities. As at June 30, 2015, the Company is in default of the first five principal instalments in the aggregate amount of $6,129,375 (£3,125,000) (refer to note 7). Further information regarding liquidity risk is set out in note 1.

### 16. Financial Instruments (Cont'd)

#### Liquidity risk (Cont'd)

The Company is currently engaged in litigation against GBMMEC, in relation to which it is incurring legal fees. If the Company is unable to resolve this dispute favourably or obtain favourable decision from the courts, it may have material adverse impact on its financial condition, cash flow and results of operations.

#### Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and other receivable. The Company minimizes the credit risk of cash by depositing only with reputable institutions.

There is no allowance for doubtful accounts recorded as at June 30, 2015 (June 30, 2014 - Nil).

#### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

*i) Interest rate risk*

The Company is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. As at June 30, 2015, the Company holds $10,158,010 of debt payable at an interest rate of 8.5% per annum.

*ii) Currency risk*

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has a significant portion of the accounts payable and accrued liabilities balance payable in U.K. pound sterling ("GBP"), Swiss Franc ("CHF Franc"), and Central African Franc ("CFA Franc").

As at June 30, 2015, a 5% increase or decrease in exchange rate on an annualized basis in the value of a Canadian dollar in relation to the GBP, CHF Franc, and CFA Franc would have resulted in $787,759 increase or decrease of foreign exchange or loss respectively.

## 16. Financial Instruments (Cont'd)

### Market risk (Cont'd)

*iii) Commodity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base and phosphate, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

## 17. Subsequent Events

a) On July 16, 2015, the Company received a total aggregate amount of $1,000,000 to A.B. Aterra Resources Limited, a related party of an existing shareholder of the Company, A.B. Aterra Investments Ltd. (formerly "Aterra Investment Ltd."), in exchange for promissory notes. The principal amount matures and is due on demand provided that no such demand may be made until the earlier of (i) January 31, 2017 and (ii) the occurrence of an event of default described in the promissory notes dated July 16, 2015. Under the provision of the promissory notes, the principal shall remain outstanding until demanded and bears an interest at the rate of 4% per annum. Interest shall be payable quarterly in arrears on the 1st day of each January, April, July, and October (beginning on October 1, 2015). The promissory notes may be repaid in common shares of the Company or in cash, through other financings, at the option of the Company or A.B. Aterra Resources Limited. Any common shares that may be issued pursuant to the terms of the promissory notes would be subject to a hold period expiring on November 16, 2015.

b) On September 14, 2015, the Company announced the completion of a new feasibility study on the Farim Project under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), which study was managed by Lycopodium Minerals Canada Ltd. ("Lycopodium"). This new feasibility study entitled "NI 43-101 Technical Report on the Farim Phosphate Project" (the "2015 Feasibility Study") was filed on SEDAR on September 14, 2015.