



**Condensed Interim Consolidated Financial Statements of**

**GB MINERALS LTD.**

**For the Three Months Ended September 30, 2014 and 2013**

(Expressed in Canadian dollars)

(Unaudited)

**GB MINERALS LTD.**  
**(An exploration stage company)**  
**Condensed Interim Consolidated Financial Statements (Unaudited)**  
**For the three months ended September 30, 2014 and 2013**

**Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Board.

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

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

	September 30, 2014	June 30, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 486,856	\$ 351,525
Funds held in trust (note 3)	1,016	1,249
Other receivable	8,981	20,107
Prepaid expenses	486,407	79,787
	983,260	452,668
<b>Equipment</b> (note 4)	85,138	95,026
<b>Intangible assets:</b>		
Other assets	116	137
Mineral rights (note 5)	72,250,882	71,782,758
<b>Total Assets</b>	<b>\$ 73,319,396</b>	<b>\$ 72,330,589</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Bank indebtedness	\$ 78	\$ 26
Accounts payable and accrued liabilities	4,990,030	6,108,761
Notes payable (note 6)	-	2,750,000
Debt payable (note 7)	9,414,311	9,457,286
Convertible debentures (note 8)	-	4,514,350
	14,404,419	22,830,423
<b>Deferred income tax liability</b> (note 1)	6,949,838	6,949,838
<b>Provision for reclamation and rehabilitation</b> (note 10c)	59,953	59,228
	21,414,210	29,839,489
<b>Shareholders' Equity</b>		
Share capital (note 9b)	62,994,697	52,085,828
Share-based payment reserve – options (note 9c)	2,632,355	2,625,714
Share-based payment reserve - warrants (note 9d)	615,859	615,859
Convertible feature on convertible debentures (note 8)	480,003	480,003
Cumulative Translation Reserve	(105,102)	(202,186)
Deficit	(14,712,626)	(13,114,118)
<b>Shareholders' Equity</b>	51,905,186	42,491,100
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 73,319,396</b>	<b>\$ 72,330,589</b>

Commitments and Contractual Arrangements (note 10)

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 condensed interim consolidated financial statements.*

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

	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>September 30, 2014</b>	<b>September 30, 2013</b>
<b>Expenses</b>		
Interest expense	\$ 421,192	\$ 414,243
Management and consulting fees	329,212	257,159
Professional fees (audit and legal)	264,275	109,307
Salaries and wages	138,092	58,090
General and administrative	107,499	143,386
Loss on foreign exchange	68,241	251,573
Travel	63,376	93,201
Investor relations	39,318	18,547
Director fees	33,000	37,000
(Recovery of) Financial advisory costs	22,725	(38,478)
Stock options compensation	6,641	247,955
Filing and transfer agent fees	1,965	4,642
Amortization	492	680
Social development costs	-	87,467
<b>Loss before other loss</b>	<b>1,496,028</b>	<b>1,684,772</b>
<b>Other expense</b>		
Loss on unamortized convertible debentures settlement (note 8f)	102,480	-
<b>Net Loss before income taxes</b>	<b>1,598,508</b>	<b>1,684,772</b>
Provision for income taxes	-	-
<b>Net Loss</b>	<b>1,598,508</b>	<b>1,684,772</b>
<b>Other Comprehensive Loss</b>		
Currency translation differences translating foreign operations	(97,084)	39,216
<b>Comprehensive Loss</b>	<b>\$ 1,501,424</b>	<b>\$ 1,723,988</b>
<b>Weighted Average Number of Shares Outstanding</b>		
	113,857,446	48,556,727
<b>Loss per Share – basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>

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

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

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013
<b>Operating Activities:</b>		
Net loss for the period	\$ (1,598,508)	\$ (1,684,772)
Adjustments for non-cash items:		
Amortization (note 4)	492	680
Stock options compensation	6,641	247,955
Convertible debentures – amortization (note 8)	33,170	67,745
Unamortized convertible debentures settlement	102,480	-
Interest expense	-	346,498
Unrealized foreign exchange adjustment	94,302	92,408
Changes in non-cash working capital:		
Other receivable	11,126	405
Prepaid expenses	(406,620)	(445,779)
Accounts payable and accrued liabilities	(1,116,630)	(137,508)
<b>Net Cash used in Operating Activities</b>	<b>(2,873,547)</b>	<b>(1,512,368)</b>
<b>Investing Activities:</b>		
Funds held in trust (note 3)	233	-
Additions in mineral rights (note 5)	(498,558)	(1,090,054)
<b>Net Cash used in Investing Activities</b>	<b>(498,325)</b>	<b>(1,090,054)</b>
<b>Financing Activities:</b>		
Bank indebtedness	-	(1)
Repayment of promissory notes (note 6)	(2,750,000)	-
Repayment of convertible debentures (note 8)	(4,650,000)	-
Issuance of common shares (net of costs) (note 9b)	10,156,810	2,965,500
Issuance of common shares for debt settlement (note 9b)	752,059	-
<b>Net Cash provided by Financing Activities</b>	<b>3,508,869</b>	<b>2,965,499</b>
Impact of foreign exchange on cash	(1,666)	(2,476)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>135,331</b>	<b>363,077</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>351,525</b>	<b>175,122</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ 486,856</b>	<b>\$ 535,723</b>

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

**GB MINERALS LTD.**  
**(An exploration stage company)**  
**Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)**  
**(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	Cumulative Translation Reserve	Deficit	Shareholders' Equity
<b>Balance – June 30, 2013</b>	<b>40,005,054</b>	<b>\$47,469,513</b>	<b>\$ 2,041,137</b>	<b>\$ 615,859</b>	<b>\$ 292,865</b>	<b>\$ (56,700)</b>	<b>\$ (8,242,151)</b>	<b>\$ 42,120,523</b>
Shares issued for equity financing	15,000,000	3,000,000	-	-	-	-	-	3,000,000
Shares issued for settlement GBMMEC debt (note 7)	9,000,000	3,600,000	-	-	-	-	-	3,600,000
Shares issued for other debt settlement	120,063	48,025	-	-	-	-	-	48,025
Shares issue cost – filing fees	-	(34,500)	-	-	-	-	-	(34,500)
Stock options compensation	-	-	247,955	-	-	-	-	247,955
Other comprehensive loss	-	-	-	-	-	(39,216)	-	(39,216)
Loss for the period	-	-	-	-	-	-	(1,684,772)	(1,684,772)
<b>Balance – September 30, 2013</b>	<b>64,125,117</b>	<b>54,083,038</b>	<b>2,289,092</b>	<b>615,859</b>	<b>292,865</b>	<b>(95,916)</b>	<b>(9,926,923)</b>	<b>47,258,015</b>
Shares issued for settlement GBMMEC debt (note 7)	-	(2,250,000)	-	-	-	-	-	(2,250,000)
Shares issued for other debt settlement	500,000	42,484	-	-	-	-	-	42,484
Shares issued for compensation for services	1,800,000	234,000	-	-	-	-	-	234,000
Shares issue cost – filing and legal fees	-	(23,694)	-	-	-	-	-	(23,694)
Stock options compensation	-	-	336,622	-	-	-	-	336,622
Convertible debentures – equity portion	-	-	-	-	187,138	-	-	187,138
Other comprehensive loss	-	-	-	-	-	(106,270)	-	(106,270)
Loss for the period	-	-	-	-	-	-	(3,187,195)	(3,187,195)
<b>Balance – June 30, 2014</b>	<b>66,425,117</b>	<b>52,085,828</b>	<b>2,625,714</b>	<b>615,859</b>	<b>480,003</b>	<b>(202,186)</b>	<b>(13,114,118)</b>	<b>42,491,100</b>
Shares issued for equity financing	136,367,945	10,227,596	-	-	-	-	-	10,227,596
Shares issued for other debt settlement (note 9b)	10,027,454	752,059	-	-	-	-	-	752,059
Shares issue cost – filing and legal fees	-	(70,786)	-	-	-	-	-	(70,786)
Stock options compensation	-	-	6,641	-	-	-	-	6,641
Other comprehensive loss	-	-	-	-	-	97,084	-	97,084
Loss for the period	-	-	-	-	-	-	(1,598,508)	(1,598,508)
<b>Balance – September 30, 2014</b>	<b>212,820,516</b>	<b>\$62,994,697</b>	<b>\$ 2,632,355</b>	<b>\$ 615,859</b>	<b>\$ 480,003</b>	<b>\$ (105,102)</b>	<b>\$(14,712,626)</b>	<b>\$ 51,905,186</b>

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

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **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 Minerals 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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of condensed interim financial statements including International Financial Reporting Standards 34 Interim Financial Reporting (“IAS 34”) for 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.

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

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

#### *Going Concern (Cont'd)*

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.

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 September 30, 2014, the Company had negative working capital of \$13,421,159 (June 30, 2014 - \$22,377,755), and net loss of \$1,598,508 for the period ended September 30, 2014 (September 30, 2013 - \$1,684,772). Accordingly, these condensed interim 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.



## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

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

#### *Going Concern (Cont'd)*

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 and second quarterly 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 September 30, 2014, the Company is in default of the first and second quarterly principal instalment in the aggregate amount of \$2,272,250 (£1,250,000) 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 10a for further discussion of the agreement and ongoing litigation).

### **2. Significant Accounting Policies**

#### **a) Statement of compliance with IFRS**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of condensed interim consolidated financial statements including IAS 34.

The notes in these condensed interim consolidated financial statements include only significant events and transactions, and do not include all matters usually disclosed in the Company's audited annual consolidated financial statements and as therefore referred to as condensed. They should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended June 30, 2014 prepared in accordance with IFRS. In addition, these condensed interim consolidated financial statements have been prepared using the 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 condensed interim consolidated statements.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as at November 17, 2014, the date the Board of Directors approved these condensed interim consolidated financial statements for issue.

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

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

#### **b) Basis of presentation (Cont'd)**

The standards that will be effective in the annual financial statements for the year ending June 30, 2015 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies for the annual period that are relevant to these condensed interim consolidated financial statements will be determined only when the annual financial statements are prepared for the year ending June 30, 2015.

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

#### **c) Basis of consolidation**

These condensed interim 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 condensed interim 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.

#### **d) Functional currency translation**

##### *i) Functional and presentation currency*

Items included in the condensed interim 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 condensed interim 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.

**GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

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

**d) Functional currency translation (Cont'd)**

*i) Functional and presentation currency (Cont'd)*

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 condensed interim 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.

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.

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

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

#### **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 condensed interim 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) New accounting standards and recent pronouncements**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2014, and have not been applied in preparing these condensed interim 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:

- IFRS 9: Financial Instruments, effective January 1, 2015
- IAS 16: Property, Plant, and Equipment, effective January 1, 2016
- IAS 38: Intangible Assets, effective January 1, 2016
- IFRS 15: Revenue from Contracts with Customers, effective January 1, 2017

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. The Company has adopted a number of new standards, effective for its year ended June 30, 2015. No significant impact has resulted on these condensed interim consolidated financial statements as a result of adopting these standards.

### **3. Funds held in trust**

As at September 30, 2014, the Company has funds held in trust in the balance of \$1,016 (June 30, 2014 - \$1,249). The funds held in trust are not subject to any restrictions.

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(Expressed in Canadian dollars)****4. Equipment**

	Machinery and equipment*	Vehicles*	Furniture	Total
	\$	\$	\$	\$
<b>Cost</b>				
<b>Balance at June 30, 2014</b>	51,682	203,538	15,853	271,073
Additions during the period	-	-	-	-
Foreign exchange adjustments	(1,624)	(6,395)	(498)	(8,517)
<b>Balance at September 30, 2014</b>	<b>50,058</b>	<b>197,143</b>	<b>15,355</b>	<b>262,556</b>
<b>Accumulated amortization</b>				
<b>Balance at June 30, 2014</b>	31,795	134,822	9,430	176,047
Additions during the period	1,471	5,084	475	7,030
Foreign exchange adjustments	(1,026)	(4,328)	(305)	(5,659)
<b>Balance at June 30, 2014</b>	<b>32,240</b>	<b>135,578</b>	<b>9,600</b>	<b>177,418</b>
<b>Net book value</b>				
<b>September 30, 2014</b>	<b>17,818</b>	<b>61,565</b>	<b>5,755</b>	<b>85,138</b>
June 30, 2014	19,887	68,716	16,423	95,026

\*The usage of machinery and equipment, and vehicles is related to exploration activities. Of the \$7,030 of amortization incurred in the period of September 30, 2014 (September 30, 2013 - \$10,416), \$492 (September 30, 2013 - \$680) was charged to the statement of loss and comprehensive loss, and the remaining difference of \$6,538 (September 30, 2013 - \$9,736) was capitalized as exploration expenditures.

**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.

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(Expressed in Canadian dollars)****5. Mineral Rights (Cont'd)***Farim Phosphate Project (Cont'd)*

	<b>Three Months Ended September 30, 2014</b>	<b>Year Ended June 30, 2014</b>
Balance of exploration assets - beginning of the period	\$ 71,782,758	\$ 68,583,031
Expenditures capitalized during the period	498,558	3,145,353
Foreign exchange adjustments	(30,434)	54,374
<b>Balance of exploration assets – end of the period</b>	<b>\$ 72,250,882</b>	<b>\$ 71,782,758</b>

The Company has determined that its non-financial assets as described in note 5 is not impaired as at September 30, 2014. However, if the discount rate associated with the Company's mineral properties was increased by 1%, an impairment loss of \$1,151,721 would have to be recognized.

**6. Notes Payable**

As at September 30, 2014, the Company has an aggregate outstanding amount of \$Nil (June 30, 2014 - \$2,750,000) in exchange for promissory notes.

The Company had the following Notes Payable repaid during the period ended September 30, 2014:

Note Amount	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
<b>\$2,750,000</b>				

**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 10a and has commenced a counterclaim.

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **7. Debt Payable (Cont'd)**

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.

Prior to September 30, 2014, the debt outstanding was \$9,414,311 (£5,178,959) (June 30, 2014 - \$9,457,286), of which \$6,816,750 (£3,750,000) (June 30, 2014 - \$5,706,562) was due and payable within the next twelve-month period, and the remaining balance of \$2,597,561 (£1,428,959) (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 \$1,136,125 (£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	\$1,136,125
Year ended June 30, 2015	4,544,500
Year ended June 30, 2016	<u>3,733,686</u>
	\$9,414,311

As at September 30, 2014, the Company was in default of the first and second quarterly principal installments in the aggregate amount of \$2,272,250 (£1,250,000), and as a result, the debt outstanding of \$9,414,311 (£5,178,959) has been classified as current (refer to note 1 and note 10a). 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 September 30, 2014, 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 September 30, 2014:

#### *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.

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**(An exploration stage company)**

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**(Expressed in Canadian dollars)**

### **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. During the period ended September 30, 2014, the Company repaid the convertible debentures and all accrued interest.

#### *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.



## **GB MINERALS LTD.**

**(An exploration stage company)**

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**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **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. During the period ended September 30, 2014, the Company repaid the convertible debentures and all accrued interest.

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. During the period ended September 30, 2014, the Company repaid the remaining \$300,000 convertible debentures and all accrued interest.

#### *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.

**GB MINERALS LTD.**

**(An exploration stage company)**

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**(Expressed in Canadian dollars)**

**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. During the period ended September 30, 2014, the Company repaid the remaining \$215,000 and all accrued interest.

*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. During the period ended September 30, 2014, the Company repaid the convertible debentures and all accrued interest.

## **GB MINERALS LTD.**

**(An exploration stage company)**

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**For the three months ended September 30, 2014 and 2013**

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### **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. During the period ended September 30, 2014, the Company repaid the remaining \$35,000 of principal and all accrued interest.

#### *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.

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(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.

During the period ended September 30, 2014, the Company repaid the convertible debentures and all accrued interest, and as a result of early repayment of the convertible debentures as described in note 8f herein, a loss on the unamortized convertible debentures settlement in the amount of \$102,480 (September 30, 2013 - \$Nil) was recognized, representing the non-accreted equity component of the convertible debentures.

**9. 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
<b>Balance, June 30, 2014</b>	66,425,117	\$ 52,085,828
Shares issued for equity financing (b)(i)	136,367,945	10,227,596
Shares issued for settlement of other debt (b)(ii)	10,027,454	752,059
Shares issue costs – filling and legal fees	-	(70,786)
<b>Balance, September 30, 2014</b>	<b>212,820,516</b>	<b>\$ 62,994,697</b>

- i) 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 are subject to a four-month hold period from the date of issuance.

## **GB MINERALS LTD.**

**(An exploration stage company)**

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**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **9. Share Capital (Cont'd)**

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

- ii) 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 are subject to a four-month holding period from the date of issuance.

#### *c) Stock options and share-based payment*

- i) 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 five years from the date the option is granted.
- ii) On August 8, 2013, 2,000,000 incentive 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.
- iii) On August 8, 2013, 333,000 incentive 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 will vest on February 8, 2015.
- iv) On August 8, 2013, 500,000 incentive 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.

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(Expressed in Canadian dollars)****9. Share Capital (Cont'd)***c) Stock options and share-based payment (Cont'd)*

- v) On September 26, 2013, 917,000 incentive 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 will vest on March 26, 2015.

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

	Number	Amount	Weighted average exercise price
<b>Balance, June 30, 2014</b>	4,432,000	\$2,625,714	\$ 0.25
Stock options vested (c)(ii)	-	(9,787)	0.20
Stock options vested (c)(iii)	-	3,519	0.20
Stock options granted (c)(iv)	-	5,478	0.20
Stock options granted (c)(v)	-	7,431	0.20
<b>Balance, September 30, 2014</b>	<b>4,432,000</b>	<b>\$ 2,632,355</b>	<b>\$ 0.25</b>

The following table summarizes the options outstanding and exercisable at September 30, 2014:

Options outstanding at September 30, 2014	Exercise price	Options exercisable at September 30, 2014	Expiry date
22,000	\$2.00	22,000	September 24, 2015
965,000	0.20	965,000	January 30, 2018
35,000	0.20	35,000	March 25, 2018
500,000	0.20	148,859	August 8, 2018
1,933,000	0.20	1,822,000	August 8, 2020
917,000	0.20	611,333	September 26, 2020
60,000	3.00	60,000	March 24, 2021
<b>4,432,000</b>	<b>\$0.25</b>	<b>3,664,192</b>	

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(Expressed in Canadian dollars)****9. Share Capital (Cont'd)***d) Warrant Reserve*

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

	Number	Amount	Weighted average exercise price
<b>Balance, June 30, 2014 and September 30, 2014</b>	-	<b>\$ 615,859</b>	<b>\$ -</b>

**10. 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 for 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 \$1,079,808 (£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 September 30, 2014 in accounts payable and accrued liabilities.

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 \$15,654 (June 30, 2014 – \$23,481) to future minimum payments as at September 30, 2014 under a renewed Canadian operating service agreement on the rental of an office space located at #1500 – 701 West Georgia Street, Vancouver, BC.

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **10. Commitments and Contractual Arrangements (Cont'd)**

- 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 September 30, 2014 is \$59,953 (June 30, 2014 - \$59,228). The provision was determined using a discounted cash flow rate of 2.78% and an estimated life of mine of 25 years for the Farim phosphate mining property.

### **11. Capital Management**

As at September 30, 2014, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of \$62,994,697 (June 30, 2014 - \$52,085,828), share-based payment reserve for options of \$2,632,355 (June 30, 2014 - \$2,625,714), share-based payment reserve for warrants of \$615,859 (June 30, 2014 - \$615,859), fair value of convertible feature on convertible debentures of \$480,003 (June 30, 2014 - \$480,003), and deficit of \$14,712,626 (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 on a cost-effective basis. The failure of the Company to raise further financing would limit its ability 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.



**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(Expressed in Canadian dollars)****12. Related Party Transactions**

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

	Reference	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013
Management and consulting fees	a	\$ 229,044	\$ 170,667
Director fees	b	33,000	37,000
Stock options compensation, non-cash	c	25,790	237,919
Share-based payments, non-cash	d	489,761	-
Interest expense	e	183,944	100,298
<b>Total</b>		<b>\$ 961,539</b>	<b>\$ 545,884</b>

- a) For the period ended September 30, 2014, the Company paid or accrued management and consulting fees of \$39,000 (September 30, 2013 - \$99,000), of which \$13,000 was non-cash share-based payments, to Monmouth Ltd., a company controlled by a director of the Company; \$115,500 (September 30, 2013 - \$Nil) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; \$28,544 (September 30, 2013 - \$41,667) to an officer of the Company of which \$8,563 (September 30, 2013 - \$12,500) was included in the capitalization of exploration expenditures; \$46,000 (September 30, 2013 - \$30,000), of which \$8,000 was non-cash share-based payments, to Artisan Consulting Ltd, a company controlled by an officer of the Company.

For the period ended September 30, 2014, the Company incurred \$229,044 (September 30 2013 - \$170,667) of management and consulting fees to related parties by virtue of directors and officers in common, and of which \$155,402 (September 30, 2013 - \$Nil) were included in accounts payable and accrued liabilities as at September 30, 2014.

- b) For the period ended September 30, 2014, the Company incurred director fees of \$33,000 (September 30, 2013 - \$37,000), and of which \$33,000 (September 30, 2013 - \$37,000) were included in accounts payable and accrued liabilities as at September 30, 2014.
- c) For the period ended September 30, 2014, \$25,790 (September 30, 2013 – \$237,919) 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.
- d) For the period ended September 30, 2014, the Company settled an aggregate \$489,761 in 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 are subject to a four-month holding period from the date of issuance.

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **12. Related Party Transactions (Cont'd)**

- e) For the period ended September 30, 2014, the Company expensed interest of \$183,944 (September 30, 2013 - \$100,298) to shareholder(s) on the Note Payable described in note 6 and Convertible Debentures described in notes 8a, 8b, 8d, and 8f, and of which \$Nil (September 30, 2013 - \$122,351) were included in accounts payable and accrued liabilities as at September 30, 2014.

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

### **13. Subsidiaries**

The following entities are all of the subsidiaries of the Company as at September 30, 2014:

- 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 Minerai, Unipessoal, Lda. ("GBMH Unipessoal"), a company existing under the laws of Madeira (Portugal) and wholly owned by GBMH Barbados; and
- v) GB Minerai SARL ("GBM SARL"), a company existing under the laws of Guinea-Bissau and wholly owned by GBM AG.

### **14. Segmented Information**

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	\$ 544,905	\$ 5,856	\$ 72,768,635	\$ 73,319,396
Net Loss	\$ 1,560,827	\$ (191,920)	\$ 229,601	\$ 1,598,508

### **15. 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).

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three months ended September 30, 2014 and 2013****(Expressed in Canadian dollars)****15. Financial Instruments (Cont'd)**

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 September 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, 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, bank indebtedness, and accounts payable and accrued liabilities, 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 September 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	\$ 486,856	\$ -	\$ -
Funds held in trust	Loans and receivables	1,016	-	-
Other receivable	Loans and receivables	-	-	8,981
Bank indebtedness	Other financial liabilities	78	-	-
Accounts payable and accrued liabilities	Other financial liabilities	-	-	4,990,030
Debt payable	Other financial liabilities	-	-	9,414,311
		\$ 487,950	\$ -	\$14,413,322

As at June 30, 2014, the Company's financial instruments consist of cash and cash equivalents, funds held in trust, other receivable, prepaid expenses, 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, prepaid expenses, 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

## **GB MINERALS LTD.**

**(An exploration stage company)**

**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the three months ended September 30, 2014 and 2013**

**(Expressed in Canadian dollars)**

### **15. Financial Instruments (Cont'd)**

#### **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 September 30, 2014, the Company is in default of the first and second quarterly principal instalments in the aggregate amount of \$2,272,250 (£1,250,000) (refer to note 7). Further information regarding liquidity risk is set out in note 1.

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 September 30, 2014 (September 30, 2013 - \$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. The Company holds \$9,414,311 of debt payable at an interest rate of 8.5% per annum.

## **GB MINERALS LTD.**

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### **15. Financial Instruments (Cont'd)**

#### **Market risk (Cont'd)**

##### *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 September 30, 2014, 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 \$659,497 increase or decrease of foreign exchange or loss respectively.

##### *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.

### **16. Subsequent Events**

- a) On October 21, 2014, 500,000 incentive stock options at a price of \$0.20 each were forfeited. These forfeited options were granted on August 8, 2013, as described in note 9c (iv) herein.