



**Condensed Interim Consolidated Financial Statements of**

**GB MINERALS LTD.**

**For the Three and Six Months Ended December 31, 2017 and 2016**

(Expressed in Canadian dollars)

(Unaudited)

**GB MINERALS LTD.**  
**(An exploration stage company)**  
**Condensed Interim Consolidated Financial Statements (Unaudited)**  
**For the three and six months ended December 31, 2017 and 2016**

**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)**

	December 31, 2017	June 30, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,134,147	\$ 1,818,696
Other receivables	36,131	32,382
Prepaid expenses	392,039	599,135
	4,562,317	2,450,213
<b>Equipment</b>	270,876	327,964
<b>Mineral rights</b> (note 3)	90,940,624	89,250,474
<b>Total Assets</b>	<b>\$ 95,773,817</b>	<b>\$ 92,028,651</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	2,890,139	5,002,343
Notes payable (note 4)	9,408,750	-
	12,298,889	5,002,343
<b>Deferred income tax liability</b>	6,829,023	6,829,023
<b>Provision for reclamation and rehabilitation</b>	144,778	149,826
<b>Total Liabilities</b>	19,272,690	11,981,192
<b>Shareholders' Equity</b>		
Share capital (note 5)	111,108,477	111,108,477
Share-based payment reserve (note 5)	3,094,949	3,094,949
Contributed surplus	1,294,456	1,294,456
Accumulated other comprehensive loss	(435,579)	(345,177)
Deficit	(38,561,176)	(35,105,246)
<b>Shareholders' Equity</b>	76,501,127	80,047,459
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 95,773,817</b>	<b>\$ 92,028,651</b>
Going concern (note 1)		

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed "Robert Edwards"  
 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)**

	Three Months Ended		Six Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Expenses</b>				
Management and consulting fees	\$ 526,500	\$ 549,987	\$ 1,027,727	\$ 1,008,427
Professional fees (audit and legal)	192,940	432,717	585,874	688,829
Interest expense (income)	234,358	(11,113)	361,992	116,353
General and administrative	159,367	151,006	307,797	305,953
Loss (Gain) on foreign exchange	(226,279)	(125,887)	306,089	(143,518)
Marketing	102,131	94,457	206,575	200,051
Financial and technical advisory	51,715	59,681	182,495	100,816
Director fees	49,591	33,449	154,592	81,927
Salaries and wages	71,141	92,881	144,770	169,727
Travel	39,604	152,244	95,320	227,209
Social development costs	53,262	-	60,585	-
Filing and transfer agent fees	13,063	11,649	16,625	22,353
Investor relations	1,587	3,803	4,488	7,624
Amortization	495	233	1,001	468
<b>Loss before other expense</b>	<b>1,269,475</b>	<b>1,445,107</b>	<b>3,455,930</b>	<b>2,786,219</b>
<b>Other expense</b>				
Loss on convertible debentures settlement	-	103,319	-	103,319
<b>Net Loss</b>	<b>1,269,475</b>	<b>1,548,426</b>	<b>3,455,930</b>	<b>2,889,538</b>
<b>Other Comprehensive Loss</b>				
Currency translation differences translating foreign operations	145,082	162,781	90,402	80,144
<b>Comprehensive Loss</b>	<b>\$ 1,414,557</b>	<b>\$ 1,711,207</b>	<b>\$ 3,546,332</b>	<b>\$ 2,969,682</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>1,089,419,050</b>	<b>1,067,355,314</b>	<b>1,089,419,050</b>	<b>889,043,828</b>
<b>Loss per Share – basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</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)**

	<b>Six Months Ended</b>	<b>Six Months Ended</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Operating Activities:</b>		
Net loss for the period	\$ (3,455,930)	\$ (2,889,538)
Adjustments for non-cash items:		
Loss on convertible debentures settlement	-	103,319
Convertible notes – accretion	-	23,748
Loss settled with funds held in escrow	-	9,696
Amortization	1,001	468
Unrealized foreign exchange adjustment	315,512	(27,796)
Interest expense (note 4)	371,802	131,406
Changes in non-cash working capital:		
Other receivable	(3,748)	(51,060)
Prepaid expenses	207,314	(185,743)
Accounts payable and accrued liabilities	(3,132,161)	(5,800,824)
<b>Net Cash used in Operating Activities</b>	<b>(5,696,210)</b>	<b>(8,686,324)</b>
<b>Investing Activities:</b>		
Funds held in trust	-	-
Funds held in escrow	-	15,306
Additions to equipment	-	(115,744)
Additions to mineral rights (note 3 and 10)	(1,400,332)	(1,468,192)
<b>Net Cash used in Investing Activities</b>	<b>(1,400,332)</b>	<b>(1,568,630)</b>
<b>Financing Activities:</b>		
Bank indebtedness	-	(94)
Proceeds (Repayment) of notes payable (note 4)	9,408,750	(2,700,000)
Proceeds (Repayment) of convertible notes	-	(1,000,000)
Issuance of common shares (net of costs)	-	18,449,089
Settlement of debt payable	-	(5,541,466)
<b>Net Cash provided by Financing Activities</b>	<b>9,408,750</b>	<b>9,207,529</b>
Impact of foreign exchange on cash	3,243	2,517
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,315,451</b>	<b>(1,044,908)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>1,818,696</b>	<b>14,636,777</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ 4,134,147</b>	<b>\$ 13,591,869</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	Equity component of convertible notes	Contributed Surplus	Accumulated other comprehensive income	Deficit	Shareholders' Equity
<b>Balance – June 30, 2016</b>	<b>485,779,888</b>	<b>\$ 92,665,784</b>	<b>\$ 3,094,949</b>	<b>\$ 198,594</b>	<b>\$ 1,095,862</b>	<b>\$ (137,632)</b>	<b>\$(28,183,646)</b>	<b>\$ 68,733,911</b>
Shares issued for equity financing	603,639,162	18,607,085	-	-	-	-	-	18,607,085
Shares issue cost	-	(157,996)	-	-	-	-	-	(157,996)
Convertible debentures – equity portion	-	-	-	51,496	-	-	-	51,496
Repayment of convertible debentures	-	-	-	(250,090)	250,090	-	-	-
Other comprehensive loss	-	-	-	-	-	(80,144)	-	(80,144)
Loss for the period	-	-	-	-	-	-	(2,889,538)	(2,889,538)
<b>Balance – December 31, 2016</b>	<b>1,089,419,050</b>	<b>\$111,114,873</b>	<b>\$ 3,094,949</b>	<b>\$ -</b>	<b>\$ 1,345,952</b>	<b>\$ (217,776)</b>	<b>\$(31,073,184)</b>	<b>\$ 84,264,814</b>
Shares issue cost	-	(6,396)	-	-	-	-	-	(6,396)
Convertible debentures – equity portion	-	-	-	-	(51,496)	-	-	(51,496)
Other comprehensive loss	-	-	-	-	-	(127,401)	-	(127,401)
Loss for the period	-	-	-	-	-	-	(4,032,062)	(4,032,062)
<b>Balance – June 30, 2017</b>	<b>1,089,419,050</b>	<b>\$111,108,477</b>	<b>\$ 3,094,949</b>	<b>\$ -</b>	<b>\$ 1,294,456</b>	<b>\$ (345,177)</b>	<b>\$(35,105,246)</b>	<b>\$ 80,047,459</b>
Other comprehensive loss	-	-	-	-	-	(90,402)	-	(90,402)
Loss for the period	-	-	-	-	-	-	(3,455,930)	(3,455,930)
<b>Balance – December 31, 2017</b>	<b>1,089,419,050</b>	<b>\$111,108,477</b>	<b>\$ 3,094,949</b>	<b>\$ -</b>	<b>\$ 1,294,456</b>	<b>\$ (435,579)</b>	<b>\$(38,561,176)</b>	<b>\$ 76,501,127</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 and six months ended December 31, 2017 and 2016**

**(Expressed in Canadian dollars)**

### **1. Nature of Operations and Going Concern**

#### *Nature of Operations*

GB Minerals Ltd. ("GBML" or the "Company") was incorporated under British Columbia's Business Corporations Act on July 24, 2007. The Company's registered address is 1000 – 595 Burrard Street, PO Box 49290, Three Bentall Centre, Vancouver, BC V7X 1S8, and the Company trades under the symbol "GBL".

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"). 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 GBM AG.

#### *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 exploration and development of the Farim Project 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 property and future development programs.

As at December 31, 2017, the Company had negative working capital of \$7,736,572 (June 30, 2017 – negative working capital \$2,552,130), and incurred a net loss of \$3,455,930 for the period ended December 31, 2017 (December 31, 2016 - \$2,889,538). The Company currently does not have sufficient cash on hand to fully fund its planned exploration and development programs for the next twelve months. Its ability to continue operations is dependent on obtaining sufficient external financing 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.

Although the Company was able to obtain 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 property (refer to note 11).

The material uncertainty surrounding the raising of additional financing casts significant doubt about the Company's ability to continue as a going concern. 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. Such adjustments could be material.

## **GB MINERALS LTD.**

**(An exploration stage company)**

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

**For the three and six months ended December 31, 2017 and 2016**

**(Expressed in Canadian dollars)**

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

#### **a) Statement of compliance with IFRS and basis of presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of condensed interim consolidated financial statements including IAS 34. The consolidated financial statements have been prepared under the historical cost convention and using accrual basis of accounting except for cash flow information.

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 are 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, 2017, which were prepared in accordance with IFRS.

These condensed interim consolidated financial statements were approved by the Board of Directors on February 16, 2018.

#### **b) 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 and the assessment of potential impairment of mineral rights. 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.

#### **c) 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(b)), 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 and the assumption that the Company will continue as a going concern.



## GB MINERALS LTD.

(An exploration stage company)

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

For the three and six months ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

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

### d) New accounting standards and recent pronouncements

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 July 1, 2018
- IFRS 16: Leases, effective July 1, 2019

The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements.

## 3. 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 in West Africa. 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.

	<b>Six Months Ended December 31, 2017</b>	<b>Year Ended June 30, 2017</b>
Balance of exploration assets - beginning of the period	\$ 89,250,474	\$ 77,395,690
Expenditures capitalized during the period	2,137,352	11,747,538
Foreign exchange adjustments	(447,202)	107,246
<b>Balance of exploration assets – end of the period</b>	<b>\$ 90,940,624</b>	<b>\$ 89,250,474</b>

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.

## GB MINERALS LTD.

(An exploration stage company)

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

For the three and six months ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

#### 4. Notes Payable

As at December 31, 2017, the Company had an aggregate outstanding amount of \$9,408,750 (US\$7,500,000) (June 30, 2017 - \$Nil) in promissory notes.

- \$3,136,250 (US\$2,500,000) of the promissory note bears interest of 15%, matures on January 31, 2018 and was issued to A.B. Aterra Resources Ltd. ("Aterra Resources")
- \$3,136,250 (US\$2,500,000) of the promissory note bears interest of 15%, matures on January 31, 2018 and was issued to Itafos I LP (formerly Zaff LP) ("Itafos LP")
- \$3,136,250 (US\$2,500,000) of the promissory note bears interest of 15%, matures on June 30, 2018 and was issued to Itafos ("Itafos")

#### 5. 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, 2017 and December 31, 2017</b>	<b>1,089,419,050</b>	<b>\$ 111,108,477</b>

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 December 31, 2017, the Company had 13,472,500 (June 30, 2017 – 13,484,500) stock options outstanding. The following table summarizes information about stock options outstanding:

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three and six months ended December 31, 2017 and 2016****(Expressed in Canadian dollars)****5. Share Capital (Cont'd)***c) Stock options and share-based payment (Cont'd)*

	Number	Amount	Weighted average exercise price
<b>Balance, June 30, 2017</b>	13,484,500	\$ 3,094,949	\$ 0.11
Stock options expired	(12,000)	-	2.00
<b>Balance, December 31, 2017</b>	<b>13,472,500</b>	<b>\$ 3,094,949</b>	<b>\$ 0.11</b>

The following table summarizes the options outstanding and exercisable at December 31, 2017:

Options outstanding at December 31, 2017	Exercise price	Weighted average remaining contractual life in years	Expiry date
22,500	\$ 3.00	0.23	March 24, 2018
965,000	0.20	2.08	January 30, 2020
35,000	0.20	2.23	March 25, 2020
1,533,000	0.20	2.61	August 8, 2020
717,000	0.20	2.74	September 26, 2020
10,200,000	0.075	4.00	December 31, 2021
<b>13,472,500</b>	<b>\$ 0.11</b>	<b>3.63</b>	

**6. Capital Management**

As at December 31, 2017, the capital structure of the Company consists of equity attributable to common shareholders.

The Company's objective when managing capital structure is to use its best efforts to ensure that sufficient financial resources exist to meet the Company's strategic exploration and development objectives, and to enable the Company to continue 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 to 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 (refer to note 1).

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three and six months ended December 31, 2017 and 2016****(Expressed in Canadian dollars)****7. Related Party Transactions**

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

	Reference	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016
Management and consulting fees	a	\$ 582,702	\$ 511,843
Director fees	b	154,592	81,927
Interest expense	c	371,802	152,991
Total		\$ 1,109,096	\$ 746,761

- a) For the period ended December 31, 2017, the Company paid or accrued management and consulting fees of \$98,951 (December 31, 2016 - \$103,410) to Monmouth Ltd., a company controlled by a director of the Company; \$292,935 (December 31, 2016 - \$306,233) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; \$86,640 (December 31, 2016 - \$72,200) to Artisan Consulting Ltd., a company controlled by an officer of the Company; and \$104,176 (December 31, 2016 - \$77,816) to N2 Consultancy Ltd., a company controlled by an officer of the Company.

For the period ended December 31, 2017, the Company incurred \$582,702 (December 31, 2016 - \$511,843) of management and consulting fees to related parties by virtue of directors and officers in common, of which \$8,216 (December 31, 2016 - \$38,639) were included in accounts payable and accrued liabilities as at December 31, 2017.

- b) For the period ended December 31, 2017, the Company incurred director fees of \$154,592 (December 31, 2016 - \$81,927), of which \$132,829 (December 31, 2016 - \$62,089) were included in accounts payable and accrued liabilities as at December 31, 2017.
- c) For the period ended December 31, 2017, the Company expensed interest of \$183,968 (December 31, 2016 - \$152,991) on notes payable to Aterra Resources, and of which \$183,968 (December 31, 2016 - \$Nil) was included in accounts payable and accrued liabilities as at December 31, 2017.

For the period ended December 31, 2017, the Company expensed interest of \$187,834 (December 31, 2016 - \$Nil) on notes payable to Itafos and Itafos LP, and of which \$187,834 (December 31, 2016 - \$Nil) was included in accounts payable and accrued liabilities as at December 31, 2017.

**8. Segmented Information**

The Company operates in two reportable segments: North America 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	Africa	Total
Assets	\$ 4,402,187	\$ 91,371,630	\$ 95,773,817
Net Loss	\$ 2,940,443	\$ 515,487	\$ 3,455,930

**GB MINERALS LTD.****(An exploration stage company)****Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the three and six months ended December 31, 2017 and 2016****(Expressed in Canadian dollars)****9. 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 December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, other receivable, notes payable, and accounts payable and accrued liabilities. 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, other receivable, notes payable, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

**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 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 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. 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. Further information regarding liquidity risk and going concern is set out in note 1.

**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.

## GB MINERALS LTD.

(An exploration stage company)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

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

#### 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's interest rate risk is limited because its cash and cash equivalents earn low rates of interest.

*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 United States Dollar ("USD"), Swiss Franc ("CHF Franc"), and Central African Franc ("CFA Franc").

As at December 31, 2017, a 5% increase or decrease in exchange rate on an annualized basis in the value of a Canadian dollar in relation to the USD, CHF Franc, and CFA Franc would have resulted in \$535,485 increase or decrease of foreign exchange or loss respectively.

### 10. Supplementary Disclosures of Cash Flow Information

The following transactions are non-cash investing activities that do not have a direct impact on cash flows:

	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016
<b>Non-cash investing activities:</b>		
Mineral rights expenditures included in accounts payable and accrued liabilities	\$ 639,106	\$ 1,289,597

### 11. Subsequent Events

- a) On January 15, 2018, the Company issued a promissory note for a total aggregate amount of US\$4,500,000 to Itafos. The principal amount is repayable on demand provided that no such demand may be made until the earlier of (i) July 31, 2018 and (ii) the occurrence of an event of default described in the promissory notes dated January 15, 2018. Under the provision of the promissory notes, the principal shall remain outstanding until demanded and bear an interest at the rate of 15% per annum, Interest shall be payable quarterly in arrears on the 1<sup>st</sup> day of each January, April, July, and October (beginning April 1, 2018).

**GB MINERALS LTD.**

**(An exploration stage company)**

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

**For the three and six months ended December 31, 2017 and 2016**

**(Expressed in Canadian dollars)**

**11. Subsequent Events (Cont'd)**

- b) On January 24, 2018, the Company filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) the notice of special meeting and management information circular for the special meeting of shareholders and optionholders to be held on February 21, 2018 (the "Circular") to consider and to approve an arrangement ("Arrangement"). The Arrangement is being set forth in the Plan of Arrangement enclosed in the Circular, all as more particularly described in the Circular.