Consolidated Financial Statements of

GB MINERALS LTD.

For the Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

October 17, 2017

Independent Auditor's Report

To the Shareholders of GB Minerals Ltd.

We have audited the accompanying consolidated financial statements of GB Minerals Ltd. (the Company), which comprise the consolidated statements of financial position as at June 30, 2017 and June 30, 2016 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GB Minerals Ltd. as at June 30, 2017 and June 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

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

	June 30, 2017	June 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,818,696	$ 14,636,777
Funds held in trust	-	994
Funds held in escrow	-	792,236
Other receivables	32,382	42,382
Prepaid expenses	599,135	210,551
	2,450,213	15,682,940
Equipment	327,964	158,915
Mineral rights (note 3)	89,250,474	77,395,690
Total Assets	$ 92,028,651	$ 93,237,545
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	5,002,343	7,750,871
Notes payable (note 4)	-	2,700,000
Convertible notes payable (note 4)	-	924,429
Debt payable (note 5)	-	6,194,024
	5,002,343	17,569,324
Deferred income tax liability (note 6)	6,829,023	6,829,023
Provision for reclamation and rehabilitation	149,826	105,287
Total Liabilities	11,981,192	24,503,634
Shareholders' Equity		
Share capital (note 7)	111,108,477	92,665,784
Share-based payment reserve (note 7)	3,094,949	3,094,949
Equity component of convertible notes	-	198,594
Contributed surplus	1,294,456	1,095,862
Accumulated other comprehensive loss	(345,177)	(137,632)
Deficit	(35,105,246)	(28,183,646)
Shareholders' Equity	80,047,459	68,733,911
Total Liabilities and Shareholders' Equity	$ 92,028,651	$ 93,237,545

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 consolidated financial statements.

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

	Years Ended	
	June 30, 2017	**June 30, 2016**
Expenses		
Management and consulting fees	$ 2,146,389	$ 3,440,724
Professional fees (audit and legal)	1,341,718	1,237,041
Marketing	1,218,411	92,419
General and administrative	708,582	564,678
Salaries and wages	635,547	809,157
Director fees	373,722	135,456
Travel	347,061	472,196
Financial and technical advisory	145,057	410,537
Investor relations	103,384	143,524
Interest expense	76,910	786,211
Filing and transfer agent fees	57,625	78,616
Social development costs	30,896	10,946
Amortization	1,480	1,427
(Gain) on foreign exchange	(317,005)	(1,614,451)
Loss before other expense	6,869,777	6,568,481
Other expense		
Impairment of mineral rights (note 3)	-	1,708,400
(Gain) on litigation settlement (note 5)	-	(761,541)
Loss on convertible debentures settlement (note 4)	51,823	-
Net Loss	6,921,600	7,515,340
Other Comprehensive Loss		
Currency translation differences translating foreign operations	207,545	83,984
Comprehensive Loss	$ 7,129,145	$ 7,599,324
Weighted Average Number of Shares Outstanding	988,407,979	356,677,627
Loss per Share – basic and diluted	$ 0.01	$ 0.02

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

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

	Years Ended	
	June 30, 2017	**June 30, 2016**
Operating Activities:		
Net loss for the year	$ (6,921,600)	$ (7,515,340)
Adjustments for non-cash items:		
Loss on convertible debentures settlement	51,823	-
Convertible notes – accretion	23,748	123,023
Amortization	1,480	1,427
Unrealized foreign exchange adjustment	(371,896)	(1,171,973)
Interest expense	-	665,868
Impairment of mineral rights (note 3)	-	1,708,400
Gain on litigation settlement	-	(761,541)
Changes in non-cash working capital:		
Other receivable	10,000	98,777
Prepaid expenses	(388,584)	251,730
Accounts payable and accrued liabilities	(5,123,743)	366,173
Net Cash used in Operating Activities	(12,718,772)	(6,233,456)
Investing Activities:		
Funds held in trust	-	4
Funds held in escrow (note 5)	16,036	(792,236)
Additions to equipment	(241,052)	(118,405)
Additions to mineral rights (note 3 and 12)	(9,057,082)	(4,237,783)
Net Cash used in Investing Activities	(9,282,098)	(5,148,420)
Financing Activities:		
Bank indebtedness	(99)	94
Proceeds (Repayment) of notes payable (note 4)	(2,700,000)	2,000,000
Proceeds (Repayment) of convertible notes payable	(1,000,000)	1,000,000
Issuance of common shares (net of costs) (note 7)	18,442,693	21,994,732
Settlement of debt payable (note 5)	(5,561,936)	-
Net Cash provided by Financing Activities	9,180,658	24,994,826
Impact of foreign exchange on cash	2,131	2,988
Net increase (decrease) in cash and cash equivalents	(12,818,081)	13,615,938
Cash and cash equivalents - beginning of year	14,636,777	1,020,839
Cash and cash equivalents - end of year	$ 1,818,696	$ 14,636,777

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

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

	Number of Common Shares	Common Shares	Share-Based Payment Reserve	Equity component of convertible notes	Contributed Surplus	Accumulated other comprehensive income	Deficit	Shareholders' Equity
Balance – June 30, 2015	**252,820,516**	**$ 65,959,597**	**$ 3,094,949**	**$ -**	**$ 1,095,862**	**$ (53,648)**	**$(20,668,306)**	**$ 49,428,454**
Shares issued for equity financing	147,296,547	7,704,100	-	-	-	-	-	7,704,100
Share subscription for equity financing	-	14,593,070	-	-	-	-	-	14,593,070
Shares issued for other debt settlement	85,662,825	4,711,455	-	-	-	-	-	4,711,455
Shares issue cost	-	(302,438)	-	-	-	-	-	(302,438)
Convertible debentures – equity portion	-	-	-	198,594	-	-	-	198,594
Other comprehensive loss	-	-	-	-	-	(83,984)	-	(83,984)
Loss for the year	-	-	-	-	-	-	(7,515,340)	(7,515,340)
Balance – June 30, 2016	**485,779,888**	**$ 92,665,784**	**$ 3,094,949**	**$ 198,594**	**$ 1,095,862**	**$ (137,632)**	**$ (28,183,646)**	**$ 68,733,911**
Shares issued for equity financing	603,639,162	18,607,085	-	-	-	-	-	18,607,085
Share issue costs	-	(164,392)	-	-	-	-	-	(164,392)
Repayment of convertible debentures	-	-	-	(198,594)	198,594	-	-	-
Other comprehensive loss	-	-	-	-	-	(207,545)	-	(207,545)
Loss for the year	-	-	-	-	-	-	(6,921,600)	(6,921,600)
Balance – June 30, 2017	**1,089,419,050**	**$111,108,477**	**$ 3,094,949**	**$ -**	**$ 1,294,456**	**$ (345,177)**	**$(35,105,246)**	**$ 80,047,459**

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

1. Nature and Continuance 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 June 30, 2017, the Company had negative working capital of $2,552,130 (June 30, 2016 – negative working capital $1,866,384), and incurred a net loss of $6,921,600 for the year ended June 30, 2017 (June 30, 2016 - $7,515,340). 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 13).

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.

2. Significant Accounting Policies

a) Statement of compliance with IFRS and basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention and using accrual basis of accounting except for cash flow information.

These consolidated financial statements were approved by the Board of Directors on October 18, 2017.

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, GB Minerals Holdings Ltd. ("GBM Holdings"), GBMH Minerals (Barbados) Ltd. ("GBMH Barbados"), GBMH Minerais, Unipessoal, Lda. ("GBMH Unipessoal"), GBM AG, and GBM SARL. 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.

c) Functional currency translation

i) Functional and presentation currency

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

2. Significant Accounting Policies (Cont'd)

c) 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.

d) Measurement uncertainty

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

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 share-based payment, 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.

e) 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(d)), 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, provision for reclamation and obligation, and the assumption that the Company will continue as a going concern.

2. Significant Accounting Policies (Cont'd)

f) Cash and cash equivalents

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

g) Equipment

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

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

Machinery and equipment	30%
Vehicles	30%
Furniture	30%

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

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

h) Financial instruments

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

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

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

2. Significant Accounting Policies (Cont'd)

h) Financial instruments (Cont'd)

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

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. The Company at this time does not have any financial instruments in this category.

ii) Available-for-sale investment

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

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss.

iii) Loans and receivables

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

iv) Other financial liabilities

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

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

i) Income taxes

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

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

2. Significant Accounting Policies (Cont'd)

i) Income taxes (Cont'd)

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

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

j) Mineral Rights

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

i) Pre-Exploration

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

ii) Exploration and evaluation expenditures

Exploration and evaluation ('E&E') costs incurred after the legal right to explore is obtained, but before technical feasibility and commercial viability of the project have been demonstrated are capitalized as E&E assets. These include the costs of acquiring the licenses and directly attributable site related costs. The costs are accumulated in cost centers by exploration area.

2. Significant Accounting Policies (Cont'd)

j) Mineral Rights (Cont'd)

iii) Development and production costs

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

k) Impairment of non-financial assets

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

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying amounts of non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense in the statement of operations.

2. Significant Accounting Policies (Cont'd)

k) Impairment of non-financial assets (Cont'd)

The recoverable amount is the higher of an asset's "fair value less costs of disposal" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. "Fair value less costs of disposal" is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to the present value, assumptions used are those that an independent market participant would consider appropriate. In assessing "value-in-use", the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are evaluated for potential reversals when events or circumstances warrant such consideration. Where an impairment loss is subsequently reversed, the amount of such reversal is limited such that, the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the prior years. A reversal of an impairment loss is recognized into earnings immediately.

l) Restoration, rehabilitation and environmental obligations

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

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

2. Significant Accounting Policies (Cont'd)

m) Share-based payments

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

n) Non-monetary transactions

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

o) Loss per share

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

p) New accounting standards and recent pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2017, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Cont'd)

p) New accounting standards and recent pronouncements (Cont'd)

International Accounting Standards		Effective Date
IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted.	January 1, 2018
IFRS 16 - Leases	IFRS 16 replaces IAS 27 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by leases, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 16.	January 1, 2019

(Expressed in Canadian dollars)

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.

	Year Ended June 30, 2017	**Year Ended June 30, 2016**
Balance of exploration assets - beginning of the year	$ 77,395,690	$ 77,067,258
Expenditures capitalized during the year	11,747,538	4,802,831
Impairment of mineral rights – relinquishment of mining lease license no. 005/2006	-	(1,708,400)
Adjustment of mineral rights – geological consulting component as a result of litigation settlement (refer to note 5)	-	(2,789,212)
Foreign exchange adjustments	107,246	23,213
Balance of exploration assets – end of the year	**$ 89,250,474**	**$ 77,395,690**

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.

4. Notes Payable and Convertible Notes

On October 14, 2016, the Company repaid $2,700,000 in promissory notes due to A.B. Aterra Resources Ltd. (“Aterra Resources”) (the “Notes Payable”) and convertible notes with a face value of $1,000,000 due to Aterra Resources (the “Convertible Notes”).

$1,000,000 of the Notes Payable was issued on December 4, 2015, $1,000,000 was issued on January 26, 2016. The remaining $700,000 was issued in the year ended June 30, 2015. All of the Notes Payable bore interest at 15%.

The Convertible Notes were issued on July 16, 2015 and bore interest at 4%. At initial recognition, the Company allocated $801,406 to the liability component and $198,594 to the equity component. As a result of the early repayment of the Convertible Notes, a loss of $51,823 was recognized in the year ended June 30, 2017.

(Expressed in Canadian dollars)

5. Debt Payable

As of June 30, 2016, the Company estimated the fair value of the debt payable at $6,194,024 (the "Debt Payable"), as a result of a final settlement agreement entered between the Company and GBM Minerals Engineering Consultants Limited ("GBMMEC") dated July 8, 2016, providing, inter alia, for the settlement of the lawsuit (the "Lawsuit") filed against the Company's wholly owned subsidiary, GBM Holdings, by GBMMEC. The Company, GBM Holdings and GBMMEC agreed to settle the Lawsuit and any other current and contemplated litigation between the Company and GBMMEC, and in consideration for a settlement payment by the Company to GBMMEC in the amount of £4,100,000 (the "Consideration"). The funds held in escrow in the amount of £375,000 provided by the Company as a security for GBMMEC's costs in escrow, value added tax ("VAT") in the amount of £508,550 refunded by HM Revenue & Customs, and legal fees for escrow in the amount of £4,500, formed part of the Consideration when the Lawsuit settled on July 8, 2016.

For the year ended June 30, 2016, the Company incurred legal fees in the amount of $2,365,060 and interest charges in the amount of $985,281 in relation to the Lawsuit. These legal fees and interest charges were deducted from the gross gain on the litigation settlement of the Debt Payable. Because the Debt Payable arose as a result of costs charged to the Company by GBMMEC being capitalized to the Farim Phosphate Project, a portion of the net gain arising from the settlement of the lawsuit was applied against the capitalized exploration and evaluation assets and a portion was recorded in the consolidated statement of loss. The amounts recorded were in proportion to the sum of the related interest charges and the costs capitalized to the Farim Phosphate Project. Accordingly, the carrying value of exploration and evaluation assets was reduced by $2,789,212, and a gain on litigation settlement of $761,541 was recorded in the consolidated statement of loss for the year ended June 30, 2016.

On July 13, 2016, a cash payment of $5,561,936 was paid to GBMMEC, representing the cash portion in settling the Debt Payable of $6,194,024.

6. Income Taxes and Deferred Tax

a. Deferred Income Tax Assets and Liabilities

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

	June 30, 2017	June 30, 2016
Non-capital tax losses carried forward	$ 7,350,891	$ 7,175,653
Exploration and development expenses	36,736	36,736
Financing fees	237,114	250,403
Unrealized gains on foreign exchange	5,992	54,339
	$ 7,630,733	$ 7,517,131

(Expressed in Canadian dollars)

6. Income Taxes and Deferred Tax (Cont'd)

b. Deferred Income Tax Assets and Liabilities

As at June 30, 2017, the Company's deferred income tax liability of $6,829,023 (June 30, 2016 - $6,829,023) is attributable to differences between the book value and the tax value at acquisition of GBM AG (refer to note 1).

c. Non-capital Losses

As at June 30, 2017, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years of $28,272,658 expiring as follows:

Year 2028	$ 33,427
Year 2029	$ 140,605
Year 2030	$ 134,568
Year 2031	$ 1,099,158
Year 2032	$ 2,545,442
Year 2033	$ 2,299,706
Year 2034	$ 4,570,022
Year 2035	$ 4,107,986
Year 2036	$ 7,479,728
Year 2037	$ 5,862,016

d. Income Tax Reconciliation

	Year Ended June 30, 2017	Year Ended June 30, 2016
Income tax recovery expected at statutory rates	$ (1,813,005)	$ (1,953,988)
Foreign jurisdiction tax rate difference	30,443	(455,922)
No tax benefit of losses due to foreign jurisdiction tax holiday	458,470	294,342
Effect of changes in enacted rate and other	-	(254,606)
Permanent differences	(91,088)	(230,990)
Temporary differences for which no deferred tax asset is realized	-	195,184
Loss carryforwards the benefit of which is not recognized	1,415,180	2,405,980
Income taxes (recovery)	$ -	$ -

(Expressed in Canadian dollars)

7. Share Capital

a) Authorized

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

b) Issued and outstanding

Issued common shares are as follows:

	Number of shares	Amount
Balance, June 30, 2015	252,820,516	$ 65,959,597
Shares issued for equity financing (b)(i)(iii)	147,296,547	7,704,100
Shares for settlement of other debt (b)(ii)	85,662,825	4,711,455
Share subscriptions for equity financing (b)(iv)	-	14,593,070
Shares issue costs – filing and legal fees	-	(302,438)
Balance, June 30, 2016	485,779,888	$ 92,665,784
Shares issued for equity financing (b)(iv)	265,328,536	-
Shares issued for equity financing (b)(v)	338,310,626	18,607,085
Shares issue costs – filing and legal fees	-	(164,392)
Balance, June 30, 2017	**1,089,419,050**	**$ 111,108,477**

i) On October 23, 2015, the Company closed a non-brokered private placement of 79,442,000 common shares of the Company at a price of $0.05 per share and raised aggregate gross proceeds of $3,972,100. The Company paid finder's fee of $64,665 in relation to this private placement transaction.

ii) On February 24, 2016, the Company settled an aggregate of $4,711,455 in debt consisting of outstanding promissory notes owed to creditors in connection with promissory notes, along with its accrued interest, and outstanding fees relating to advisory services provided to the Company, by issuing a total of 85,662,285 common shares of the Company at $0.055 per share.

iii) On March 16, 2016, the Company closed a non-brokered private placement of 67,854,547 common shares of the Company at a price of $0.055 per share and raised aggregate gross proceeds of $3,732,000. The Company paid total a finder's fee of $84,846 in relation to this private placement transaction.

iv) As at June 30, 2016, the Company received proceeds of $14,593,070 subscribed for a non-brokered private placement of 265,328,536 common shares (the "Share Subscriptions") of the Company at a price of $0.055 per share. This non-brokered private placement was completed on July 14, 2016 and the common shares were issued on that date.

v) On October 6, 2016, the Company issued 338,310,626 Common Shares at a price of $0.055 per Common Share for aggregate gross proceeds of $18,607,085.

(Expressed in Canadian dollars)

7. Share Capital (Cont'd)

c) *Stock options and share-based payment*

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

As at June 30, 2017, the Company had 13,484,500 (June 30, 2016 – 14,684,500) stock options outstanding. The following table summarizes information about stock options outstanding:

	Number	Amount	Weighted average exercise price
Balance, June 30, 2015	15,034,500	$ 3,094,949	$ 0.11
Stock options forfeited	(350,000)	-	0.075
Balance, June 30, 2016	14,684,500	$ 3,094,949	$ 0.11
Stock options forfeited	(1,200,000)	-	0.14
Balance, June 30, 2017	**13,484,500**	**$ 3,094,949**	**$ 0.11**

The following table summarizes the options outstanding and exercisable at June 30, 2017:

Options outstanding at June 30, 2017	Exercise price	Weighted average remaining contractual life in years	Expiry date
12,000	$ 2.00	0.24	September 24, 2017
22,500	3.00	0.73	March 24, 2018
965,000	0.20	2.59	January 30, 2020
35,000	0.20	2.74	March 25, 2020
1,533,000	0.20	3.11	August 8, 2020
717,000	0.20	3.24	September 26, 2020
10,200,000	0.075	4.51	December 31, 2021
13,484,500	$ 0.11	4.13	

(Expressed in Canadian dollars)

8. Capital Management

As at June 30, 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).

9. Related Party Transactions

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

	Reference	Year Ended June 30, 2017	Year Ended June 30, 2016
Management and consulting fees	a	$ 1,205,081	$ 2,067,150
Director fees	b	371,037	135,456
Share based payment		-	4,711,455
Interest expense	c	152,981	799,722
Total		$ 1,729,099	$ 7,713,783

(Expressed in Canadian dollars)

9. Related Party Transactions (Cont'd)

a) For the year ended June 30, 2017, the Company paid or accrued management and consulting fees of $207,060 (June 30, 2016 - $466,155) to Monmouth Ltd., a company controlled by a director of the Company; $613,494 (June 30, 2016 - $1,193,411) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; $129,960 (June 30, 2016 - $311,093) to Artisan Consulting Ltd, a company controlled by an officer of the Company; $80,000 (June 30, 2016 - $Nil) to Cultivar Consulting Inc., a company controlled by a former officer of the Company, $174,567 (June 30, 2016 - $322,721) to N2 Consultancy Ltd., a company controlled by an officer of the Company and $Nil (June 30, 2016 - $96,491) to De Jong Capital LLC ("DJC"), a company controlled by a director of the Company.

For the year ended June 30, 2017, the Company incurred $1,205,081 (June 30, 2016 - $2,067,150) of management and consulting fees to related parties by virtue of directors and officers in common, of which $16,090 (June 30, 2016 - $1,722,873) were included in accounts payable and accrued liabilities as at June 30, 2017.

b) For the year ended June 30, 2017, the Company incurred director fees of $371,037 (June 30, 2016 - $135,456), of which $312,365 (June 30, 2016 - $135,456) were included in accounts payable and accrued liabilities as at June 30, 2017.

c) For the year ended June 30, 2017, the Company expensed interest of $152,981 (June 30, 2016 - $647,482) on the Notes Payable and Convertible Notes payable to Aterra Resources, of which $23,748 (June 30, 2016 - $123,023) represented the amortization of the Convertible Notes. The Notes Payable, Convertible Notes and related interest was fully repaid on October 14, 2016. As a result of the early repayment of the Convertible Notes, a loss of $51,823 was recognized for the year ended June 30, 2017.

For the year ended June 30, 2017, the Company expensed interest of $Nil (June 30, 2016 - $152,240) on notes payable to Zaff LP, and of which $Nil (June 30, 2016 - $12,103) was included in accounts payable and accrued liabilities as at June 30, 2017. The accrued interest was fully repaid on November 30, 2016.

10. 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	$ 1,833,521	$ 90,195,130	$ 92,028,651
Net Loss	$ 5,152,055	$ 1,769,545	$ 6,921,600

11. Financial Instruments

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

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

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

Fair value and classification

As at June 30, 2017, the Company's financial instruments consist of cash and cash equivalents, other receivable, 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, 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.

11. 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 is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates. 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 June 30, 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 $157,676 increase or decrease of foreign exchange or loss respectively.

12. Supplementary Disclosures of Cash Flow Information

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

	Year Ended June 30, 2017	Year Ended June 30, 2016
Non-cash investing activities:		
Mineral rights expenditures included in accounts payable and accrued liabilities	$ 2,507,073	$ 470,088

13. Subsequent Events

a) On August 10, 2017, the Company issued promissory notes for a total aggregate amount of US$5,000,000 to existing shareholders of the Company. The principal amount is repayable on demand provided that no such demand may be made until the earlier of (i) January 31, 2018 and (ii) the occurrence of an event of default described in the promissory notes dated August 10, 2017. 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 1st day of each January, April, July, and October (beginning October 1, 2017).