



Condensed Interim Consolidated Financial Statements of

GB MINERALS LTD.

For the Three and Six Months Ended December 31, 2015 and 2014

(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, 2015 and 2014

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 Professional 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, 2015	June 30, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 560,700	\$ 1,020,839
Funds held in trust	658	998
Funds held in escrow (note 3)	918,204	-
Other receivable	20,637	141,159
Prepaid expenses	294,194	462,211
	1,794,393	1,625,207
Equipment (note 4)	58,140	63,324
Intangible assets:		
Other assets	-	65
Mineral rights (note 5)	79,305,053	77,067,258
Total Assets	\$ 81,157,586	\$ 78,755,854
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	9,180,432	7,667,112
Notes payable (note 6)	5,600,000	4,600,000
Convertible notes payable (note 6)	860,457	-
Debt payable (note 7)	10,568,701	10,158,010
	26,209,590	22,425,122
Deferred income tax liability	6,829,023	6,829,023
Provision for reclamation and rehabilitation (note 9b)	80,663	73,255
	33,119,276	29,327,400
Shareholders' Equity		
Share capital (note 8b)	69,843,146	65,959,597
Share-based payment reserve – options (note 8c)	3,094,949	3,094,949
Convertible feature on convertible notes (note 6)	198,594	-
Contributed surplus	1,095,862	1,095,862
Accumulated other comprehensive (income)	(350,014)	(53,648)
Deficit	(25,844,227)	(20,668,306)
Shareholders' Equity	48,038,310	49,428,454
Total Liabilities and Shareholders' Equity	\$ 81,157,586	\$ 78,755,854

Going concern (note 1)
Commitments and Contractual Arrangements (note 9)

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)

	Three Months Ended		Six Months Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Expenses				
Professional fees (audit and legal)	\$ 967,785	\$ 210,225	\$ 1,723,565	\$ 474,500
Interest expense (note 6 and 7)	471,336	225,629	937,332	646,821
Management and consulting fees	419,575	257,962	770,347	587,174
Salaries and wages	240,569	47,755	367,052	185,847
Financial and technical advisory	295,080	22,713	344,275	45,438
Loss (Gain) on foreign exchange	119,183	(53,025)	289,775	15,216
General and administrative	139,009	107,177	269,295	214,677
Travel	128,307	72,005	241,501	135,381
Investor relations	3,767	23,388	123,689	62,706
Director fees	25,000	29,000	60,000	62,000
Filing and transfer agent fees	33,434	7,863	43,968	9,828
Social development costs	10	-	4,381	-
Amortization (note 4)	397	484	741	976
Stock option compensation	-	227,104	-	233,745
Loss before other expense	2,843,452	1,178,280	5,175,921	2,674,309
Other expense				
Loss on convertible debentures settlement	-	-	-	102,480
Net Loss	2,843,452	1,178,280	5,175,921	2,776,789
Other Comprehensive Loss (Income)				
Currency translation differences translating foreign operations	29,772	(26,768)	296,366	(123,852)
Comprehensive Loss	\$ 2,873,224	\$ 1,151,512	\$ 5,472,287	\$ 2,652,937
Weighted Average Number of Shares Outstanding	312,402,016	212,820,516	282,611,266	163,338,981
Loss per Share – basic and diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02

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)

	Six Months Ended	
	December 31, 2015	December 31, 2014
Operating Activities:		
Net loss for the period	\$ (5,175,921)	\$ (2,776,789)
Adjustments for non-cash items:		
Amortization (note 4)	741	976
Stock option compensation	-	233,745
Convertible notes – accretion (note 6)	59,051	33,170
Loss on convertible debentures settlement	-	102,480
Interest expense	878,776	452,420
Unrealized foreign exchange adjustment	(283,253)	48,353
Changes in non-cash working capital:		
Other receivable	120,522	(108,927)
Prepaid expenses	168,196	(253,206)
Accounts payable and accrued liabilities	1,037,273	(1,547,988)
Net Cash used in Operating Activities	(3,194,615)	(3,815,766)
Investing Activities:		
Funds held in trust	(658)	242
Funds held in escrow	(918,204)	
Additions in mineral rights (note 5)	(2,237,795)	(1,620,124)
Net Cash used in Investing Activities	(3,156,657)	(1,619,882)
Financing Activities:		
Bank indebtedness	-	52
(Repayment) of notes payable (note 6)	1,000,000	(2,750,000)
Proceeds of convertible notes payable (note 6)	1,000,000	-
(Repayment) of convertible debentures	-	(4,650,000)
Issuance of common shares (net of costs) (note 8b)	3,883,549	13,122,409
Issuance of common shares for debt settlement	-	752,059
Net Cash provided by Financing Activities	5,883,549	6,474,520
Impact of foreign exchange on cash	7,584	(2,159)
Net increase in cash and cash equivalents	(460,139)	1,036,713
Cash and cash equivalents - beginning of period	1,020,839	351,525
Cash and cash equivalents - end of period	\$ 560,700	\$ 1,388,238

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 Note and Debenture	Contributed Surplus	Cumulative Translation Reserve	Deficit	Shareholders' Equity
Balance – June 30, 2014	66,425,117	\$ 52,085,828	\$ 2,625,714	\$ 615,859	\$ 480,003	\$ -	\$ (202,186)	\$ (13,114,118)	\$ 42,491,100
Shares issued for equity financing	176,367,945	13,227,596	-	-	-	-	-	-	13,227,596
Shares issued for other debt settlement	10,027,454	752,059	-	-	-	-	-	-	752,059
Shares issue cost – filing and legal fees	-	(105,187)	-	-	-	-	-	-	(105,187)
Stock options compensation	-	-	233,745	-	-	-	-	-	233,745
Other comprehensive loss	-	-	-	-	-	-	123,852	-	123,852
Loss for the period	-	-	-	-	-	-	-	(2,776,789)	(2,776,789)
Balance – December 31, 2014	252,820,516	\$ 65,960,296	\$ 2,859,459	\$ 615,859	\$ 480,003	\$ -	\$ (78,334)	\$ (15,890,907)	\$ 53,946,376
Shares issued for equity financing	-	-	-	-	-	-	-	-	-
Shares issue cost – filing and legal fees	-	(699)	-	-	-	-	-	-	(699)
Stock options compensation	-	-	235,490	-	-	-	-	-	235,490
Warrants valuation	-	-	-	(615,859)	-	615,859	-	-	-
Convertible debentures – equity portion	-	-	-	-	(480,003)	480,003	-	-	-
Other comprehensive loss	-	-	-	-	-	-	24,686	-	24,686
Loss for the period	-	-	-	-	-	-	-	(4,777,399)	(4,777,399)
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	79,442,000	3,972,100	-	-	-	-	-	-	3,972,100
Shares issue cost – filing and legal fees	-	(88,551)	-	-	-	-	-	-	(88,551)
Convertible debentures – equity portion	-	-	-	-	198,594	-	-	-	198,594
Other comprehensive loss	-	-	-	-	-	-	(296,366)	-	(296,366)
Loss for the period	-	-	-	-	-	-	-	(5,175,921)	(5,175,921)
Balance – December 31, 2015	332,262,516	\$ 69,843,146	\$ 3,094,949	\$ -	\$ 198,594	\$ 1,095,862	\$ (350,014)	\$ (25,844,227)	\$ 48,038,310

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, 2015 and 2014

(Expressed in Canadian dollars)

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

On February 25, 2011, the Company acquired a 50.1% interest in a Swiss company GB Minerals AG (“GBM AG”) and its wholly-owned subsidiary GB Minerais SARL (“GBM SARL”) by cash and the issuance of shares. As a result of this transaction, the Company acquired control of GBM AG which owns the mineral rights in the Farim Phosphate Project in Guinea-Bissau. On April 4, 2013, the Company acquired the remaining 49.9% of the shares of its 50.1%-owned subsidiary, GBM AG (the “Acquisition”). The Acquisition occurred pursuant to the terms and conditions of the share purchase and exchange agreement among the Company, its wholly-owned subsidiary, GBM Holdings, GBM AG, A.B. Aterra Investments Limited (formerly “Aterra Investments Limited”) (“Aterra Investments”), 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).

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.

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 and six months ended December 31, 2015 and 2014

(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 certain 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, repay its debt, and maintain its exploration and evaluation properties and development programs.

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.

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.

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 seven quarterly principal instalments to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defence and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the Services Agreement with GBMMEC. As a result of withholding payments, as at December 31, 2015, the Company is in default of the first seven quarterly principal instalments in the aggregate amount of \$8,928,062 (£4,375,000) 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 9a for further discussion of the agreement and ongoing litigation).

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, 2015 and 2014

(Expressed in Canadian dollars)

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

Going Concern (Cont'd)

As at December 31, 2015, the Company had negative working capital of \$24,415,197 (June 30, 2015 - \$20,799,915), and incurred a net loss of \$5,175,921 for the six month period ended December 31, 2015 (December 31, 2014 - \$2,776,789). The material uncertainty surrounding the raising of additional financing casts significant doubt about the Company's ability to continue as a going concern. 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. Such adjustments could be material.

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, 2015, which were prepared in accordance with IFRS.

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 financial statements.

The Board of Directors approved these condensed interim consolidated financial statements for issue on February 15, 2016.

c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, GBM Holdings 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.

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, 2015 and 2014

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Cont'd)

d) 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, and the valuation of share-based payment reserves. 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, the determination of functional currency for the Company and its subsidiaries, and the assumption that the Company will continue as a going concern.

f) 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 January 1, 2018
- IFRS 15: Revenue from Contracts with Customers, effective January 1, 2018

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

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, 2015 and 2014****(Expressed in Canadian dollars)****3. Funds Held In Escrow**

As at December 31, 2015, the Company has funds of \$918,204 (June 30, 2015 - \$Nil) being held in escrow:

- \$765,262 (£375,000) was provided by the Company as a security for cost in escrow being held with the Company's litigation counsel in relation to the litigation as described in note 7 and 9a.
- \$152,860 (CFA 66,722,201) is being held in escrow with the Supremo Tribunal de Justica of Guinea Bissau in relation to a in-country labour dispute.

4. Equipment

	Machinery and equipment*	Vehicles*	Furniture	Total
	\$	\$	\$	\$
Cost				
Balance at June 30, 2015	49,200	193,763	15,092	258,055
Additions during the period	-	-	-	-
Disposals during the period	-	-	-	-
Foreign exchange adjustments	3,943	15,530	1,210	20,683
Balance at December 31, 2015	53,143	209,293	16,302	278,738
Accumulated amortization				
Balance at June 30, 2015	35,948	147,972	10,811	194,731
Additions during the period	2,082	7,194	672	9,948
Disposals during the period	-	-	-	-
Foreign exchange adjustments	2,946	12,085	888	15,919
Balance at December 31, 2015	40,976	167,251	12,371	220,598
Net book value				
December 31, 2015	12,167	42,042	3,931	58,140
June 30, 2015	13,252	45,791	4,281	63,324

*The usage of machinery and equipment, and vehicles is related to exploration activities. Of the \$9,948 of amortization incurred in the period of December 31, 2015 (December 31, 2014 - \$14,008), \$741 (December 31, 2014 - \$947) was charged to the statement of loss and comprehensive loss, and the remaining difference of \$9,207 (December 31, 2014 - \$13,061) was capitalized as exploration expenditures.

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, 2015 and 2014****(Expressed in Canadian dollars)****5. Mineral Rights***Farim Phosphate Project*

The Company, through its subsidiary GBM AG, owns 100% of the mineral rights of the Farim Phosphate Project located in the northern part of central Guinea-Bissau of West Africa. 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.

	Six Months Ended December 31, 2015	Year Ended June 30, 2015
Balance of exploration assets - beginning of the period	\$ 77,067,258	\$ 71,782,758
Expenditures capitalized during the period	2,134,375	5,425,855
Foreign exchange adjustments	103,420	(20,540)
Change in future tax liability	-	(120,815)
Balance of exploration assets – end of the period	\$ 79,305,053	\$ 77,067,258

6. Notes Payable

As at December 31, 2015, the Company has an aggregate outstanding amount of \$6,600,000 (June 30, 2015 - \$4,600,000) in promissory notes.

- \$4,600,000 of the promissory notes bears interest at 15% and is available on demand.
- \$1,000,000 of the promissory notes bears interest at 4% and becomes available on demand after January 31, 2017, and may be repaid in common shares of the Company or in cash at the option of the Company or the lender of the note payable, to convert at \$0.075 per common share in the first year of the convertible note, and at \$0.10 per common share thereafter. Any common shares that may be issued pursuant to the terms of the note payable would be subject to a hold period expiring on November 16, 2015. At initial recognition, the Company allocated the proceeds of \$1,000,000 between current liabilities and equity. The allocation was performed by first estimating the fair value of the component, which came to \$801,406. The Company then used the residual method to determine the value of equity component represented by the conversion feature which was determined to be \$198,594. The Company did not incur any costs for this transaction. Subsequent to initial recognition, the liability component is accreted up to face value using the effective interest rate. For the period ended December 31, 2015, \$59,051 (December 31, 2014 - \$33,170) of accretion expense was incurred.
- \$1,000,000 of the promissory notes bears interest at 15% and becomes available on demand after May 31, 2016.

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, 2015 and 2014

(Expressed in Canadian dollars)

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 9a and has commenced a counterclaim.

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

Prior to December 31, 2015, the debt outstanding was \$10,568,701 (£5,178,959) (June 30, 2015 - \$10,158,010), due and payable within the next twelve-month period. The principal was payable in equal quarterly installments of \$1,275,437 (£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	\$ 1,275,437
Year ended June 30, 2015	5,101,750
Year ended June 30, 2016	<u>4,191,514</u>
	\$10,568,701

As at December 31, 2015, the Company was in default of the first seven quarterly principal installments in the aggregate amount of \$8,928,062 (£4,375,000), and as a result, the debt outstanding of \$10,568,701 (£5,178,959) has been classified as current (refer to note 1 and note 9a). The Debt Payable is subject to simple interest at a rate of 8.5% per annum, repayable on June 30, 2016.

8. Share Capital

a) Authorized

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

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, 2015 and 2014****(Expressed in Canadian dollars)****8. Share Capital (Cont'd)***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)	79,442,000	3,972,100
Shares issue costs – filling and legal fees	-	(88,551)
Balance, December 31, 2015	332,262,516	\$ 69,843,146

- 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 common shares were purchased by various existing shareholders and related parties of the existing shareholders of the Company. The common shares are subject to a four-month hold period from the date of issuance. A.B. Aterra Resources Ltd. (“Aterra Resources”), a related party of A.B. Aterra Investments Ltd. (“Aterra Investments”), and Zaff LP (“Zaff”), a subsidiary of Alpha Infrastructure LLC (“Alpha”), each purchased 26,788,000 common shares of the Company. Other existing shareholders of the Company purchased 25,866,000 shares of the Company. The Company paid finder’s fee of \$64,665 in relation to this private placement transaction.

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, 2015, the Company had 14,884,500 (June 30, 2015 – 15,034,500) 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 (c)(i)	(150,000)	-	0.075
Balance, December 31, 2015	14,884,500	\$ 3,094,949	\$ 0.11

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, 2015 and 2014****(Expressed in Canadian dollars)****8. Share Capital (Cont'd)***c) Stock options and share-based payment (Cont'd)*

The following table summarizes the options outstanding and exercisable at December 31, 2015:

Options outstanding at December 31, 2015	Exercise price	Options exercisable at December 31, 2015	Expiry date
12,000	\$ 2.00	12,000	September 24, 2017
22,500	3.00	22,500	March 24, 2018
965,000	0.20	965,000	January 30, 2020
35,000	0.20	35,000	March 25, 2020
1,933,000	0.20	1,933,000	August 8, 2020
917,000	0.20	917,000	September 26, 2020
11,000,000	0.075	11,000,000	December 31, 2021
14,884,500	\$ 0.11	14,884,500	

- i) On December 10, 2015, 150,000 options with an exercise price of \$0.075 were forfeited. These forfeited options were granted on December 31, 2014.

9. Commitments and Contractual Arrangements

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

On January 7, 2014, the Company announced that GBMMEC commenced a claim against GBM Holdings before the courts of England to obtain payment of an amount totaling \$1,212,215 (£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 December 31, 2015 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. In September 2015, GBM Holdings made an application to the courts to amend its defense and counterclaim to reflect information and findings uncovered in the discovery stage of the proceedings. The trial is due to take place in July 2016.

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, 2015 and 2014

(Expressed in Canadian dollars)

9. Commitments and Contractual Arrangements (Cont'd)

- b) 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 December 31, 2015 is \$80,663 (June 30, 2015 - \$73,255).

10. Capital Management

As at December 31, 2015, 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.

11. 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, 2015	Six Months Ended December 31, 2014
Management and consulting fees	a	\$ 449,393	\$ 407,272
Director fees	b	60,000	62,000
Stock options compensation, non-cash	c	-	179,745
Share-based payments, non-cash	d	-	489,761
Interest expense	e	436,394	186,718
Total		\$ 945,787	\$ 1,325,496

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, 2015 and 2014

(Expressed in Canadian dollars)

11. Related Party Transactions (Cont'd)

- a) For the six month period ended December 31, 2015, the Company paid or accrued management and consulting fees of \$78,000 (December 31, 2014 - \$78,000) to Monmouth Ltd., a company controlled by a director of the Company; \$231,000 (December 31, 2014 - \$231,000) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; \$76,000 (December 31, 2014 - \$84,000) to Artisan Consulting Ltd., a company controlled by an officer of the Company; and \$64,393 (December 31, 2014 - \$Nil) to De Jong Capital LLC, a company controlled by a director of the Company.

For the six month period ended December 31, 2015, the Company incurred \$449,393 (December 31, 2014 - \$407,272) of management and consulting fees to related parties by virtue of directors and officers in common, and of which \$373,393 (December 31, 2014 - \$257,000) were included in accounts payable and accrued liabilities as at December 31, 2015.

- b) For the six month period ended December 31, 2015, the Company incurred director fees of \$60,000 (December 31, 2014 - \$62,000), and of which \$60,000 (December 31, 2014 - \$54,000) were included in accounts payable and accrued liabilities as at December 31, 2015.
- c) For the six month period ended December 31, 2015, share-based payments of \$Nil (December 31, 2014 - \$179,745) arose due to vesting of stock options. 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 six month period ended December 31, 2015, the Company had share-based payments in an aggregate amount of \$Nil (December 31, 2014 - \$489,761) to settle outstanding debt owed to related parties by virtue of directors, officers, and shareholders in connection with consulting and advisory services previously provided to the Company and to current directors of the Company for their outstanding directors' fees.
- e) For the six month period ended December 31, 2015, the Company expensed interest of \$319,188 (December 31, 2014 - \$Nil) on notes payable described in note 6 to Aterra Resources, and of which \$59,051 (December 31, 2014 - \$Nil) represented the accretion of the convertible notes described in note 6, and \$260,137 (December 31, 2014 - \$Nil) was included in accounts payable and accrued liabilities as at December 31, 2015. As at December 31, 2015, the Company has notes payable and convertible notes payable in the principal amount of \$5,050,000 (June 30, 2015 - \$3,050,000) outstanding to Aterra Resources, and of which \$3,050,000 Aterra Resources has the rights to demand as at December 31, 2015 (refer to note 6).

For the period ended December 31, 2015, the Company expensed interest of \$117,205 (December 31, 2014 - \$7,808) on notes payable described in note 6, to Alpha, and of which \$117,205 (December 31, 2014 - \$Nil) was included in accounts payable and accrued liabilities as at December 31, 2015. As at December 31, 2015, the Company has notes payable in the principal amount of \$1,550,000 (June 30, 2015 - \$1,550,000) outstanding to Alpha, and of which \$1,550,000 Alpha has the rights to demand as at December 31, 2015 (refer to note 6).

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, 2015 and 2014

(Expressed in Canadian dollars)

12. Subsidiaries

The following entities are all of the subsidiaries of the Company as at December 31, 2015:

- i) GB Minerals Holdings Ltd. (“GBM Holdings”), a company existing under the laws of British Columbia and wholly-owned by the Company;
- ii) GB Minerals AG (“GBM AG”), a company existing under the laws of Switzerland and wholly-owned by GBM Holdings;
- iii) GBMH Minerals (Barbados) Ltd. (“GBMH Barbados”), a company existing under the laws of Barbados and wholly-owned by GBM Holdings;
- iv) GBMH 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.

13. Segmented Information

As at December 31, 2015, the Company has total assets of \$81,157,586 (June 30, 2015 - \$78,755,854) and incurred a net loss of \$5,175,921 (December 31, 2014 - \$2,776,789) for the period ended December 31, 2015. 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	\$ 1,430,048	\$ 79,727,538	\$ 81,157,586
Net Loss	\$ 4,667,281	\$ 508,640	\$ 5,175,921

14. Financial Instruments

Fair value and classification

As at December 31, 2015, the Company’s financial instruments consist of cash and cash equivalents, funds held in trust, funds held in escrow, other receivable, accounts payable and accrued liabilities, notes payable, convertible notes payable, and debt payable. These financial instruments are classified as loans and receivables or other financial liabilities and are carried at amortized cost. The fair values of cash and cash equivalents, funds held in trust, funds held in escrow, other receivable, and accounts payable and accrued liabilities, and notes payable approximate their carrying values due to the short-term nature of these instruments.

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, 2015 and 2014

(Expressed in Canadian dollars)

14. 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 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. 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 December 31, 2015, the Company is in default of the first seven principal instalments in the aggregate amount of \$8,928,062 (£4,375,000) (refer to note 7). Further information regarding liquidity risk and going concern 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.

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 materially 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 all outstanding debt is subject to fixed interest rates and its cash and cash equivalents earn low rates of interest.

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, 2015 and 2014

(Expressed in Canadian dollars)

14. 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 December 31, 2015, a 5% increase or decrease in exchange rate on an annualized basis in the value of a Canadian dollar in relation to the GBP, CHF Franc, and CFA Franc would have resulted in \$887,396 increase or decrease of foreign exchange or loss respectively.

15. Subsequent Events

- a) On January 26, 2016, the Company issued a promissory note for a total aggregate amount of \$1,000,000 to Aterra Resources. The principal amount is due on demand provided that no such demand may be made until the earlier of (i) July 31, 2016 and (ii) the occurrence of an event of default described in the promissory note dated January 26, 2016. Under the provision of the promissory note, 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 April 1, 2016).