Consolidated Financial Statements of

GB MINERALS LTD.

For the Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

October 17, 2016

Independent Auditor's Report

To the Shareholders of GB Minerals Ltd.

We have audited the accompanying consolidated financial statements of GB Minerals Ltd., which comprise the consolidated statement of financial position as at June 30, 2016 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the year 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 audit. We conducted our audit 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 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

PricewaterhouseCoopers LLP
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Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty casting significant doubt on GB Minerals Ltd.'s ability to continue as a going concern.

Other matter
The consolidated financial statements as at June 30, 2015 and for the year then ended were audited by other auditors who expressed an opinion without reservation in their report dated September 29, 2015.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

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

	June 30, 2016	June 30, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 14,636,777	$ 1,020,839
Funds held in trust	994	998
Funds held in escrow (note 3)	792,236	-
Other receivable	42,382	141,159
Prepaid expenses	210,551	462,211
	15,682,940	1,625,207
Equipment (note 4)	158,915	63,324
Other assets	-	65
Mineral rights (note 5)	77,395,690	77,067,258
Total Assets	$ 93,237,545	$ 78,755,854
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	7,750,871	7,667,112
Notes payable (note 6)	2,700,000	4,600,000
Convertible notes (note 6)	924,429	-
Debt payable (note 7 and 16a)	6,194,024	10,158,010
	17,569,324	22,425,122
Deferred income tax liability (note 8)	6,829,023	6,829,023
Provision for reclamation and rehabilitation (note 10)	105,287	73,255
	24,503,634	29,327,400
Shareholders' Equity		
Share capital (note 9b)	92,665,784	65,959,597
Share-based payment reserve – options (note 9c)	3,094,949	3,094,949
Equity component of convertible notes (note 6)	198,594	-
Contributed surplus	1,095,862	1,095,862
Accumulated other comprehensive loss	(137,632)	(53,648)
Deficit	(28,183,646)	(20,668,306)
Shareholders' Equity	68,733,911	49,428,454
Total Liabilities and Shareholders' Equity	$ 93,237,545	$ 78,755,854

Nature of Operations and Going concern (note 1)
Commitments and Contractual Arrangements (note 10)
Subsequent Events (note 16)

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, 2016	**June 30, 2015**
Expenses		
Management and consulting fees (note 12)	$ 3,440,724	$ 1,367,320
Professional fees (audit and legal)	1,237,041	1,249,209
Salaries and wages	809,157	395,581
Interest expense (note 6 and 12)	786,211	1,231,850
General and administrative	564,678	473,736
Travel	472,196	360,982
Financial and technical advisory	410,537	393,688
Investor relations and marketing	235,943	163,928
Director fees	135,456	124,000
Filing and transfer agent fees	78,616	22,646
Social development costs	10,946	1,648
Amortization (note 4)	1,427	1,917
Stock option compensation	-	469,235
(Recovery) Impairment of equipment	-	(7,986)
Loss (gain) on foreign exchange	(1,614,451)	1,203,954
Loss before other expense	6,568,481	7,451,708
Other expense		
Impairment of mineral rights (note 5)	1,708,400	-
(Gain) on litigation settlement (note 7 and 16a)	(761,541)	-
Loss on convertible debentures settlement	-	102,480
Net Loss	7,515,340	7,554,188
Other Comprehensive Loss (Income)		
Currency translation differences translating foreign operations	83,984	(148,538)
Comprehensive Loss	$ 7,599,324	$ 7,405,650
Weighted Average Number of Shares Outstanding	356,677,627	210,013,386
Loss per Share – basic and diluted	$ 0.02	$ 0.04

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, 2016	**June 30, 2015**
Operating Activities:		
Net loss for the year	$ (7,515,340)	$ (7,554,188)
Adjustments for non-cash items:		
Amortization (note 4)	1,427	1,917
Stock option compensation	-	469,235
Impairment of mineral rights (note 5)	1,708,400	-
Convertible notes – accretion (note 6)	123,023	33,170
Loss on convertible debentures settlement	-	102,480
Gain on litigation settlement (note 7 and 16a)	(761,541)	-
Interest expense	665,868	1,048,659
Unrealized foreign exchange adjustment	(1,171,973)	892,559
Changes in non-cash working capital:		
Other receivable	98,777	(121,052)
Prepaid expenses	251,730	(382,424)
Accounts payable and accrued liabilities	366,173	1,264,963
Net Cash used in Operating Activities	(6,233,456)	(4,244,681)
Investing Activities:		
Funds held in trust	4	251
Funds held in escrow	(792,236)	-
Purchase of equipments (note 4)	(118,405)	-
Additions to mineral rights (note 5)	(4,237,783)	(5,405,315)
Net Cash used in Investing Activities	(5,148,420)	(5,405,064)
Financing Activities:		
Bank indebtedness	94	(26)
Proceeds of notes payable (note 6)	2,000,000	1,850,000
Proceeds of convertible notes (note 6)	1,000,000	-
Repayment of convertible debentures	-	(4,650,000)
Issuance of common shares (net of costs) (note 9b)	21,994,732	13,121,710
Net Cash provided by Financing Activities	24,994,826	10,321,684
Impact of foreign exchange on cash	2,988	(2,625)
Net increase in cash and cash equivalents	13,615,938	669,314
Cash and cash equivalents - beginning of year	1,020,839	351,525
Cash and cash equivalents - end of year	$ 14,636,777	$ 1,020,839

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

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

	Number of Common Shares	Common Shares	Share-Based Payment Reserve - Options	Share-Based Payment Reserve - Warrants	Fair Value of Convertible Feature on Convertible Note and Debenture	Contributed Surplus	Accumulated Other Comprehensive Loss	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	-	(105,886)	-	-	-	-	-	-	(105,886)
Stock options compensation	-	-	469,235	-	-	-	-	-	469,235
Warrants valuation	-	-	-	(615,859)	-	615,859	-	-	-
Convertible debentures – equity portion	-	-	-	-	(480,003)	480,003	-	-	-
Other comprehensive loss	-	-	-	-	-	-	148,538	-	148,538
Loss for the year	-	-	-	-	-	-	-	(7,554,188)	(7,554,188)
Balance – June 30, 2015	**252,820,516**	**$ 65,959,597**	**$ 3,094,949**	**$ -**	**$ -**	**$ 1,095,862**	**$ (53,648)**	**$ (20,668,306)**	**$ 49,428,454**
Shares issued for equity financing	147,296,547	7,704,100	-	-	-	-	-	-	7,704,100
Shares subscriptions for equity financing (note 9b and 16b)	-	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**

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

1. Nature of Operations and Going Concern

Nature of Operations

GB Minerals Ltd. ("GBML" or the "Company") was incorporated under British Columbia's Business Corporations Act on July 24, 2007. The Company's registered address is 1000 – 595 Burrard Street, PO Box 49290, Three Bentall Centre, Vancouver, BC V7X 1S8, and is trading 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 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, GB Minerals Holdings Ltd. ("GBM Holdings"), GBM AG, A.B. Aterra Investments Limited (formerly Aterra Investments Limited) ("Aterra Investments"), and WAD Consult AG ("WAD") dated February 22, 2013 and allowed the Company to consolidate ownership of its Farim Phosphate Project in Guinea-Bissau (see note 5).

Going Concern

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

The Company's principal business activities include the acquisition, exploration, and development of the 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, repay its debt, and maintain its exploration and evaluation property and future development programs.

Since the Company currently does not have sufficient cash on hand to settle its current liabilities as they fall due and to continue with its exploration and development programs for the immediate future, its ability to continue operations 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.

1. Nature of Operations and Going Concern (Cont'd)

Going Concern (Cont'd)

Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such property.

As at June 30, 2016, the Company had negative working capital of $1,886,384, and incurred a net loss of $7,515,340 for the year ended June 30, 2016. 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 except for the asset retirement obligation, and using accrual basis of accounting except for cash flow information.

These consolidated financial statements were approved by the Board of Directors and issued on October 17, 2016.

b) Basis of consolidation

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

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

2. Significant Accounting Policies (Cont'd)

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.

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.

2. Significant Accounting Policies (Cont'd)

d) Measurement uncertainty (Cont'd)

Significant areas requiring the use of estimates and assumptions include the review of asset carrying values and estimated useful lives, valuation and impairment of mineral rights, accounting for convertible debentures, and the calculation of share-based payments. 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, valuation and impairment of mineral rights, recoverability of deferred tax assets, provision for reclamation and rehabilitation the determination of functional currency for the Company and its subsidiaries, and the assumption that the Company will continue as a going concern.

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%

2. Significant Accounting Policies (Cont'd)

g) Equipment (Cont'd)

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

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

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:

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

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

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.

2. Significant Accounting Policies (Cont'd)

h) Financial instruments (Cont'd)

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.

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.

2. Significant Accounting Policies (Cont'd)

i) Income taxes (Cont'd)

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) Identifiable intangible assets

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

Software	50%

k) Mineral Rights

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

i) Pre-Exploration

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

ii) Exploration and evaluation expenditures

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

2. Significant Accounting Policies (Cont'd)

k) 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 or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

l) 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)

l) 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.

m) 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)

n) 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 base payment reserve. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

o) 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.

p) 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.

q) 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, 2016, 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:

2. Significant Accounting Policies (Cont'd)

r) 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 15 – Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The steps in the model are as follows: • Identify the contract with the customer • Identify the performance obligations in the contract • Determine the transaction price • Allocate the transaction price to the performance obligations in the contracts • Recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	January 1, 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Cont'd)

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

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

3. Funds Held In Escrow

As at June 30, 2016, the Company has funds of $792,236 (June 30, 2015 - $Nil) being held in escrow:

- $645,938 (£375,000) was provided by the Company as a security for costs in escrow being held with the Company's litigation counsel in relation to the litigation as described in note 7 and 16a.
- $145,988 (CFA 66,722,201) is being held in escrow with the Supremo Tribunal de Justica of Guinea Bissau in relation to an in-country labour dispute.

(Expressed in Canadian dollars)

4. Equipment

	Machinery and equipment	Vehicles	Furniture	Total
	$	$	$	$
Cost				
Balance at June 30, 2014	51,682	203,538	15,853	271,073
Additions during the period	-	-	-	-
Disposals during the period	-	-	-	-
Foreign exchange adjustments	(2,482)	(9,775)	(761)	(13,018)
Balance at June 30, 2015	49,200	193,763	15,092	258,055
Additions during the period	118,626	-	-	118,626
Disposals during the period	-	-	-	-
Foreign exchange adjustments	1,334	6,121	477	7,932
Balance at June 30, 2016	**169,160**	**199,884**	**15,569**	**384,613**
Accumulated amortization				
Balance at June 30, 2014	31,795	134,822	9,430	176,047
Additions during the period	5,813	20,085	1,877	27,775
Disposals during the period	-	-	-	-
Foreign exchange adjustments	(1,660)	(6,935)	(496)	(9,091)
Balance at June 30, 2015	35,948	147,972	10,811	194,731
Additions during the period	9,412	14,473	1,353	25,238
Disposals during the period	-	-	-	-
Foreign exchange adjustments	1,043	4,373	313	5,729
Balance at June 30, 2016	**46,403**	**166,818**	**12,477**	**225,698**
Net book value				
June 30, 2016	**122,757**	**33,066**	**3,092**	**158,915**
June 30, 2015	13,252	45,791	4,281	63,324
June 30, 2014	19,887	68,716	6,423	95,026

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 in West Africa. As well, GBM AG holds a mining lease license (effective from May 28, 2009), 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.

(Expressed in Canadian dollars)

5. Mineral Rights (Cont'd)

	Year Ended June 30, 2016	Year Ended June 30, 2015
Balance of exploration assets - beginning of the year	$ 77,067,258	$ 71,782,758
Expenditures capitalized during the year:	4,802,831	5,425,855
Impairment of mineral rights – relinquishment of mining lease license no. 005/2006[1]	(1,708,400)	-
Adjustment of mineral rights – geological consulting component as a result of litigation settlement (note 7 and 16a)	(2,789,212)	-
Foreign exchange adjustments	23,213	(20,540)
Change in deferred tax liability	-	(120,815)
Balance of exploration assets – end of the year	**$ 77,395,690**	**$ 77,067,258**

[1]For the year ended June 30, 2016, the Company has incurred an impairment loss of $1,708,400 (June 30, 2015 - $Nil) in value of mineral rights in relation to an application previously made by the Company to relinquish one of the mining lease licenses, namely the mining lease license 005/2006, which was pending for assessment by the Ministry of Energy, Industry, and Natural Resources of Guinea-Bissau (the "MNR").

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.

6. Notes Payable and Convertible Notes

As at June 30, 2016, the Company has an aggregate outstanding amount of $2,700,000 (June 30, 2015 - $4,600,000) in promissory notes and convertible notes with a carrying value of $924,429 (June 30, 2015 - $Nil) as described below (refer to note 16c):

- $1,000,000 of the promissory notes issued on December 4, 2015 bears interest at 15% and is repayable on demand. $700,000 in promissory notes issued in the prior year also bears interest at 15% and repayable on demand.
- $1,000,000 of the promissory notes issued on January 26, 2016 bears interest at 15% and becomes repayable on demand after July 31, 2016.

6. Notes Payable and Convertible Notes (Cont'd)

- $1,000,000 of the convertible notes issued on July 15, 2015 bears interest at 4% and becomes repayable 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. 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 year ended June 30, 2016, $123,023 (June 30, 2015 - $33,170) of accretion expense was incurred.

In addition, the Company repaid on February 24, 2016 the promissory notes issued in the prior fiscal year, including the outstanding principal and accrued interest, by issuing to the holders of the promissory notes a total of 81,591,780 common shares at the market value of $0.055 per share for a total payment of $4,487,548, representing the repayment in principal of $3,900,000 and accrued interest of $587,548 (refer to note 9b(v) and 12d).

7. Debt Payable

On January 30, 2013, the Company entered into an agreement with GBM Minerals Engineering Consultants Limited ("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 had 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.

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.

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 above, 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"). Most of the issues raised by the Company in its Request for Clarifications remained unanswered.

On January 7, 2014, the Company announced that GBMMEC commenced a claim against GBM Holdings before the courts of England.

(Expressed in Canadian dollars)

7. Debt Payable (Cont'd)

On March 21, 2014, GBM Holdings filed a defense and counterclaim seeking damages arising out of GBMMEC's breaches of the GBMMEC Services Agreement and the return of historical payments made in respect of apparently incorrect and/or unsubstantiated invoices.

As of June 30, 2016, the Company estimated the fair value of the Debt Payable at $6,194,024, as a result of a final settlement agreement entered between the Company and GBMMEC dated July 8, 2016, providing, inter alia, for the settlement of 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 as described in note 3, 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 (refer to note 16a).

The final settlement agreement resulted in a reduction of the Debt Payable in the amount of $6,901,094. 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.

8. 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, 2016	June 30, 2015
Non-capital tax losses carried forward	$ 7,175,653	$ 5,264,492
Exploration and development expenses	36,736	36,736
Financing fees	250,403	268,783
Unrealized gains on foreign exchange	54,339	206,695
	$ 7,517,131	$ 5,776,706

(Expressed in Canadian dollars)

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

b. Deferred Income Tax Assets and Liabilities

As at June 30, 2016, the Company's deferred income tax liability of $6,829,023 (June 30, 2015 - $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, 2016, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years of $24,560,053 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	$ 3,298,528
Year 2036	$10,438,597

d. Income Tax Reconciliation

	Year Ended June 30, 2016	Year Ended June 30, 2015
Income tax recovery expected at statutory rates	$ (1,953,988)	$ (1,964,089)
Foreign jurisdiction tax rate difference	(455,922)	95,861
No tax benefit of losses due to foreign jurisdiction tax holiday	294,342	182,834
Effect of changes in enacted rate and other	(254,606)	14,476
Permanent differences	(230,990)	210,503
Temporary differences for which no deferred tax asset is realized	195,184	11,186
Loss carryforwards the benefit of which is not recognized	2,405,980	1,449,229
Income taxes (recovery)	$ -	$ -

(Expressed in Canadian dollars)

9. Share Capital

a) Authorized

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

b) Issued and outstanding

Issued common shares are as follows:

	Number of shares	Amount
Balance, June 30, 2014	66,425,117	$ 52,085,828
Shares issued for equity financing (b)(i)(iii)	176,367,945	13,227,596
Shares for settlement of other debt (b)(ii)	10,027,454	752,059
Shares issue costs – filing and legal fees	-	(105,886)
Balance, June 30, 2015	252,820,516	$ 65,959,597
Shares issued for equity financing (b)(iv)(vi)	147,296,547	7,704,100
Share subscriptions for equity financing (b)(vii)	-	14,593,070
Shares for settlement of other debt (b)(v)	85,662,825	4,711,455
Shares issue costs – filing and legal fees	-	(302,438)
Balance, June 30, 2016	**485,779,888**	**$ 92,665,784**

i) On August 29, 2014, the Company closed a non-brokered private placement of 136,367,945 common shares of the Company at a price of $0.075 per share and raised aggregate gross proceeds of $10,227,596. The common shares were purchased by various existing shareholders of the Company.

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

iii) On December 10, 2014, the Company closed a non-brokered private placement of 40,000,000 common shares of the Company at a price of $0.075 per share and raised aggregate gross proceeds of $3,000,000. The common shares were purchased by two existing shareholders of the Company.

iv) 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.

9. Share Capital (Cont'd)

b) Issued and outstanding (Cont'd)

v) 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.

vi) 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.

vii) 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 (refer to note 16b).

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.

(Expressed in Canadian dollars)

9. Share Capital (Cont'd)

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

As at June 30, 2016, the Company had 14,684,500 (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, 2014	4,432,000	2,625,714	0.25
Stock options vesting adjustment	-	737	0.20
Stock options vested	-	25,949	0.20
Stock options forfeited	(500,000)	-	0.20
Stock options granted	11,150,000	432,306	0.075
Stock options vesting adjustment	-	9,047	0.075
Stock options vesting adjustment	-	1,196	2.00
Stock options forfeited	(47,500)	-	2.80
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**

The following table summarizes the options outstanding and exercisable at June 30, 2016:

Options outstanding at June 30, 2016	Exercise price	Options exercisable at June 30, 2016	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
10,800,000	0.075	10,800,000	December 31, 2021
14,684,500	$ 0.11	14,684,500	

On June 11, 2015, the amended and restated stock option plan approved by the Company's shareholders allows each option, unless terminated earlier, to expire on a date to be determined by the board of directors which will not exceed 7 years from the date the option is granted.

10. Asset Retirement Obligation

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.

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

The provision for environmental rehabilitation as at June 30, 2016 is $105,287 (June 30, 2015 - $73,255). The provision currently relates almost entirely to the capping and remediation of drill hole areas.

11. Capital Management

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.

(Expressed in Canadian dollars)

12. Related Party Transactions

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

	Reference	Year Ended June 30, 2016[1,2]	Year Ended June 30, 2015
Management and consulting fees	a	$ 2,067,150	$ 856,927
Director fees	b	135,456	124,000
Stock options compensation, non-cash	c	-	338,655
Share-based payments, non-cash	d	4,711,455	489,761
Interest expense	e	799,722	306,019
Total		$ 7,713,783	$ 2,115,362

[1] Included accrued Compensation of $364,022 to be settled in common shares of the Company.

[2] Included accrued Bonus of $770,000, and of which $643,523 is to be settled by the issuance of common shares of the Company, and the remaining $126,477 is to be settled in cash.

a) For the year ended June 30, 2016, the Company incurred $2,067,150 (June 30, 2015 - $856,927) of management and consulting fees to related parties by virtue of directors and officers in common, of which $1,657,112 (June 30, 2015 - $539,708) were included in accounts payable and accrued liabilities.

The Company paid or accrued management and consulting fees of $466,155 (June 30, 2015 - $156,000), of which $139,124 represented compensation for incremental payments pursuant to terms of the management consulting agreements dated January 30, 2013 (“Compensation”), and $156,000 represented bonus approved and to be issued (“Bonus”) to Monmouth Ltd., a company controlled by a director of the Company; $1,193,411 (June 30, 2015 - $462,000), and of which $224,898 represented compensation for incremental payments pursuant to terms of the management consulting agreements dated January 21, 2014 (“Compensation”), and $462,000 represented bonus approved and to be issued (“Bonus”) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; $311,093 (June 30, 2015 - $160,000), and of which $152,000 represented bonus approved and to be issued (“Bonus”) to Artisan Consulting Ltd., a company controlled by an officer of the Company; and $96,491 (June 30, 2015 - $60,374) to De Jong Capital LLC (“DJC”), a company controlled by a director of the Company. The Bonus and Compensation were approved for management and consultants for their performance and dedication in the past two years and are to be issued in a pre-determined ratio in a combination of cash and cash equivalents and common shares of the Company (refer to the table of note 12).

b) For year ended June 30, 2016, the Company incurred director fees of $135,456 (June 30, 2015 - $124,000), and of which $135,456 (June 30, 2015 - $116,000) were included in accounts payable and accrued liabilities as at June 30, 2016.

c) For the year ended June 30, 2016, share-based payments of $Nil (June 30, 2015 – $338,655) arose due to vesting of stock options.

12. Related Party Transactions (Cont'd)

d) For the year ended June 30, 2016, the Company issued commons shares with a fair value of $4,711,455 (June 30, 2015 - $489,761) to settle debt consisting of outstanding promissory notes held by Zaff LP, a subsidiary of Zaff LLC (previously Alpha Infrastructure LLC) (together "Zaff") and an existing shareholder of the Company, in the principal amount of $1,550,000, and A.B. Aterra Resources Ltd. ("Aterra Resources"), an existing shareholder of the Company, in the principal amount of $2,350,000, along with its accrued interest of $587,548, and outstanding fees of $223,907 relating to advisory agreements provided to the Company by DJC, by issuing a total of 85,662,825 common shares of the Company at $0.055 per share (refer to note 6 and 9b (v)).

e) For the year ended June 30, 2016, the Company expensed interest of $647,482 (June 30, 2015 - $77,486) on notes payable described in note 6 to Aterra Resources, and of which $123,023 (June 30, 2015 - $33,170) represented the accretion of the convertible notes described in note 6, and $196,349 (June 30, 2015 - $77,486) was included in accounts payable and accrued liabilities as at June 30, 2016. As at June 30, 2016, the Company has notes payable and convertible notes payable in the principal amount of $3,700,000 (June 30, 2015 - $3,050,000) outstanding to Aterra Resources, of which $1,700,000 is repayable on demand (refer to note 6).

   For the year ended June 30, 2016, the Company expensed interest of $152,240 (June 30, 2015 - $84,564) on notes payable described in note 6, to Zaff, and of which $12,103 (June 30, 2015 - $41,815) was included in accounts payable and accrued liabilities as at June 30, 2016. As at June 30, 2016, the Company has notes payable in the principal amount of $Nil (June 30, 2015 - $1,550,000) outstanding to Zaff.

13. Subsidiaries

The following entities are all of the subsidiaries of the Company as at June 30, 2016:

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

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

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

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

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

(Expressed in Canadian dollars)

14. Segmented Information

As at June 30, 2016, the Company has total assets of $93,237,545 (June 30, 2015 - $78,755,854) and incurred a net loss of $7,515,340 (June 30, 2015 - $7,554,188) for the year ended June 30, 2016. The Company operates in two reportable segments: North America and Africa. Segments are defined as components for which separate financial information is available and which are regularly evaluated by the chief operating decision maker.

The following table summarizes the segmented information as at June 30, 2016:

	North America	Africa	Total
Assets	$ 15,579,468	$ 77,658,077	$ 93,237,545
Net Loss	$ 4,675,783	$ 2,839,557	$ 7,515,340

The following table summarizes the segmented information as at June 30, 2015:

	North America	Africa	Total
Assets	$ 1,528,351	$ 77,227,503	$ 78,755,854
Net Loss	$ 6,852,693	$ 701,495	$ 7,554,188

15. Financial Instruments

Fair value and classification

As at June 30, 2016, 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 either as loans and receivables or other financial liabilities, as appropriate, and are carried at amortized cost. The fair values of cash and cash equivalents, funds held in trust, funds held in escrow, other receivable, accounts payable and accrued liabilities, and notes payable 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, and the litigation settlement is set out in note 7 and 16a.

15. Financial Instruments (Cont'd)

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.

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 its accounts payable and accrued liabilities balance payable in U.K. pounds sterling ("GBP"), Swiss Franc ("CHF Franc"), and Central African Franc ("CFA Franc").

As at June 30, 2016, 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 $516,508 increase or decrease of foreign exchange or loss respectively.

16. Subsequent Events

a) On July 8, 2016, the Company announced the settlement of a lawsuit (the "Lawsuit") filed against its 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 them 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 as described in note 3, the overpaid 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. The settlement of the Lawsuit resulted in an adjusting subsequent event for the year ended June 30, 2016 whereby the Company adjusted the carrying value of the Debt Payable to $6,194,024 as at June 30, 2016 (refer to note 7).

16. Subsequent Events (Cont'd)

b) On July 14, 2016, the Company closed a non-brokered private placement of 265,328,536 common shares of the Company at a price of $0.055 per share and raised aggregate gross proceeds of $14,593,070 (refer to note 9b). There was no finder's fee in relation to this private placement transaction.

c) On August 12, 2016, the Company and Aterra Resources entered into agreements dated August 12, 2016 (the "Amendment Agreements"), to amend the terms of the Notes Payable initially payable on demand on May 31, 2016, July 31, 2016, and November 30, 2016, and the Convertible Notes initially payable on demand on January 31, 2017 (refer to note 6). Pursuant to the Amendment Agreements, the Notes Payable and Convertible Notes will become payable on demand from August 31, 2017, provided that if the Company completes any combination of one or more offerings of rights to subscribe for common shares of the Company and/or private placements of common shares or other equity securities of the Company that result in aggregate gross proceeds to the Company exceeding US$10 million, the Company will repay the principal amount and all accrued and unpaid interest thereon following the completion of the earliest transaction which results in such aggregate gross proceeds exceeding US$10 million.

d) On August 30, 2016, the Company announced that is has filed a rights offering notice and a rights offering circular in respect of a rights offering (the "Rights Offering"), pursuant to which each eligible shareholder of the Company ("Shareholder") will receive, for each common share, one right (each, a "Right"), to subscribe for a common share of the Company (each, a "Commons Share") at a subscription price of C$0.055 per Common Share ("Subscription Price"). The Rights will be transferable, but will not be listed on the TSX-V or any other exchange. Holders of Rights who wish to exercise or transfer their Rights must do so in the manner described in the Rights Offering Circular. The Rights Offering does not include an "additional subscription privilege" (as such term is defined in National Instrument 45-106 – Prospectus Exemptions of the Canadian Securities Administrators). The completion of the Rights Offering is not conditional upon any minimum subscription amount. The Company intends to use the funds available from the Rights Offering for the purposes set out in the Rights Offering circular. The Rights will expire at 5:00 (Toronto time) on October 4, 2016 (the "Expiry Time"). Rights not exercised prior to the Expiry Time will have no value. If a Shareholder does not exercise its Rights and the Rights Offering is completed, such Shareholder's percentage interest in the Company will be diluted upon the exercise of Rights by other holders of Rights.

e) On October 6, 2016, the Company announced the completion of the Rights Offering. Pursuant to the Rights Offering, the Company issued 338,310,626 Common Shares at a price of $0.055 per Common Share for aggregate gross proceeds of approximately $18.6 million. Upon closing of the Rights Offering, there are 1,089,419,050 Common Shares issued and outstanding.