Condensed Interim Consolidated Financial Statements of

GB MINERALS LTD.

For the Three Months Ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

(Unaudited)

GB MINERALS LTD.
(An exploration stage company)
Condensed Interim Consolidated Financial Statements (Unaudited)
For the three months ended September 30, 2016 and 2015

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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

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

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

	September 30, 2016	June 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,854,573	$ 14,636,777
Funds held in trust	1,329	994
Funds held in escrow	149,925	792,236
Other receivable	64,199	42,382
Prepaid expenses	569,776	210,551
	4,639,802	15,682,940
Equipment	151,447	158,915
Mineral rights (note 3)	78,044,522	77,395,690
Total Assets	$ 82,835,771	$ 93,237,545

LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	4,824,949	7,750,871
Notes payable (note 4)	2,700,000	2,700,000
Convertible notes payable (note 4)	892,175	924,429
Debt payable (note 5)	-	6,194,024
	8,417,124	17,569,324
Deferred income tax liability	6,829,023	6,829,023
Provision for reclamation and rehabilitation	108,440	105,287
	15,354,587	24,503,634
Shareholders' Equity		
Share capital (note 6)	92,620,037	92,665,784
Share-based payment reserve – options (note6c)	3,094,949	3,094,949
Equity component of convertible notes (note 4)	250,090	198,594
Contributed surplus	1,095,862	1,095,862
Accumulated other comprehensive (income)	(54,996)	(137,632)
Deficit	(29,524,758)	(28,183,646)
Shareholders' Equity	67,481,184	68,733,911
Total Liabilities and Shareholders' Equity	$ 82,835,771	$ 93,237,545

Going concern (note 1)
Subsequent Events (note 11)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed "Robert Edwards"
Director

Signed "Luis da Silva"
Director

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

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

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Expenses		
Professional fees (audit and legal)	$ 256,112	$ 755,780
Interest expense (note 4 and 8)	127,466	465,996
Management and consulting fees	458,440	350,772
(Gain)/loss on foreign exchange	(17,631)	170,592
General and administrative	154,947	130,286
Salaries and wages	76,846	126,483
Investor relations and marketing	109,415	119,922
Travel	74,965	113,194
Financial advisory costs	41,135	49,195
Director fees	48,478	35,000
Filing and transfer agent fees	10,704	10,534
Social development costs	-	4,371
Amortization	235	344
Net Loss before income taxes	1,341,112	2,332,469
Provision for income taxes	-	-
Net Loss	1,341,112	2,332,469
Other Comprehensive Loss (Income)		
Currency translation differences translating foreign operations	(82,636)	266,594
Comprehensive Loss	$ 1,258,476	$ 2,599,063
Weighted Average Number of Shares Outstanding	710,732,342	252,820,516
Loss per Share – basic and diluted	$ 0.00	$ 0.01

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

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

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Operating Activities:		
Net loss for the period	$ (1,341,112)	$ (2,332,469)
Adjustments for non-cash items:		
Amortization	235	344
Convertible notes – accretion (note 4)	19,242	26,714
Interest expense	131,406	439,533
Unrealized foreign exchange adjustment	(20,341)	(259,936)
Changes in non-cash working capital:		
Other receivable	(21,817)	71,399
Prepaid expenses	(357,359)	(16,664)
Accounts payable and accrued liabilities	(3,134,006)	1,836,716
Net Cash used in Operating Activities	(4,723,752)	(234,363)
Investing Activities:		
Funds held in trust	(335)	(75)
Additions in mineral rights (note 3)	(472,975)	(1,659,142)
Net Cash used in Investing Activities	(473,310)	(1,659,217)
Financing Activities:		
Bank Indebtedness	(96)	-
Proceeds of convertible notes payable	-	1,000,000
Issuance of common shares (net of costs) (note 6b)	(45,747)	2,678,800
Settlement of debt	(5,541,466)	
Net Cash provided by Financing Activities	(5,587,309)	3,678,800
Impact of foreign exchange on cash	2,167	7,049
Net increase in cash and cash equivalents	(10,782,204)	1,792,269
Cash and cash equivalents - beginning of period	14,636,777	1,020,839
Cash and cash equivalents - end of period	$ 3,854,573	$ 2,813,108

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	Fair Value of Convertible Feature on Convertible Note and Debenture	Contributed Surplus	Cumulative Translation Reserve	Deficit	Shareholders' Equity
Balance – June 30, 2015	**252,820,516**	**$ 65,959,597**	**$ 3,094,949**	**$ -**	**$ 1,095,862**	**$ (53,648)**	**$ (20,668,306)**	**$ 49,428,454**
Shares to-be-issued for equity financing	-	2,678,800	-	-	-	-	-	2,678,800
Convertible debentures – equity portion	-	-	-	198,594	-	-	-	198,594
Other comprehensive loss	-	-	-	-	-	(266,594)	-	(266,594)
Loss for the period	-	-	-	-	-	-	(2,332,469)	(2,332,469)
Balance – September 30, 2015	**252,820,516**	**$ 68,638,397**	**$ 3,094,949**	**$ 198,594**	**$ 1,095,862**	**$ (320,242)**	**$ (23,000,775)**	**$ 49,706,785**
Shares issued for equity financing	147,296,547	5,025,300	-	-	-	-	-	5,025,300
Shares subscriptions for equity financing	-	14,593,070	-	-	-	-	-	14,593,070
Shares issued for other debt settlement	85,662,825	4,711,455	-	-	-	-	-	4,711,455
Shares issue cost	-	(302,438)	-	-	-	-	-	(302,438)
Other comprehensive loss	-	-	-	-	-	182,610	-	182,610
Loss for the period	-	-	-	-	-	-	(5,182,871)	(5,182,871)
Balance – June 30, 2016	**485,779,888**	**$ 92,665,784**	**$ 3,094,949**	**$ 198,594**	**$ 1,095,862**	**$ (137,632)**	**$ (28,183,646)**	**$ 68,733,911**
Shares issued for equity financing	265,328,536	-	-	-	-	-	-	-
Shares issue cost	-	(45,747)						(45,747)
Convertible debentures – equity portion	-	-	-	51,496	-	-	-	51,496
Other comprehensive loss	-	-	-	-	-	82,636	-	82,636
Loss for the period	-	-	-	-	-	-	(1,341,112)	(1,341,112)
Balance – September 30, 2016	**751,108,424**	**$ 92,620,037**	**$ 3,094,949**	**$ 250,090**	**$ 1,095,862**	**$ (54,996)**	**$ (29,524,758)**	**$ 67,481,184**

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

1. Nature and Continuance of Operations and Going Concern

Nature of Operations

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

Going Concern

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

The Company's principal business activities include the 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 to realize the recoverability of its investment in its mineral rights which is dependent upon the existence of economically recoverable reserves and upon future profitable production.

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

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

Going Concern (Cont'd)

As at September 30, 2016, the Company had negative working capital of $3,777,322, and incurred a net loss of $1,341,112 for the three months ended September 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.

On October 6, 2016 the Company announced the completion of a rights offering (the "Rights Offering"). Pursuant to the Rights Offering, the Company issued 338,310,626 common shares of the Company ("Common Shares") at a price of $0.055 per Common Share for aggregate gross proceeds of approximately $18.6 million (refer note 11). Despite the completion of the Rights Offering, the Company does not have sufficient cash on hand to fully fund with its planned exploration and development programs for the next twelve months. Accordingly, its ability to continue operations is dependent on obtaining sufficient external financing to realize the recoverability of its investment in its mineral rights which is dependent upon the existence of economically recoverable reserves and upon future profitable production.

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 are therefore referred to as condensed. They should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended June 30, 2016 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 November 28, 2016.

c) Measurement uncertainty

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

Significant areas requiring the use of estimates and assumptions include the review of asset carrying values and estimated useful lives, valuation and impairment of mineral rights, valuation of convertible debentures, valuation of share-based payment reserves – options and warrants, and provision for reclamation and rehabilitation. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the consolidated financial statements of future periods could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

d) 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(c)), 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, cash-generating units, impairment of financial assets, fair value of the convertible feature on the convertible debentures, provision for reclamation and obligation, 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 July 1, 2018
- IFRS 16: Leases, effective July 1, 2019

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

(Expressed in Canadian dollars)

3. Mineral Rights

Farim Phosphate Project

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

	Three Months Ended September 30, 2016	Year Ended June 30, 2016
Balance of exploration assets - beginning of the period	$ 77,395,690	$ 77,067,258
Expenditures capitalized during the period	595,960	4,802,831
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	-	(2,789,212)
Foreign exchange adjustments	52,872	23,213
Change in future tax liability	-	-
Balance of exploration assets – end of the period	**$ 78,044,522**	**$ 77,395,690**

The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

4. Notes Payable and Convertible Notes

As at September 30, 2016, the Company has an aggregate outstanding amount of $2,700,000 (June 30, 2016 - $2,700,000) in promissory notes due to A.B. Aterra Resources Ltd. ("Aterra Resources") (the "Notes Payable") which bear interest at 15% per annum.

On August 12, 2016, the Company and Aterra entered into agreements (the "Amendment Agreements"), to amend the terms of the Notes Payable which were payable on demand. In accordance with the Amended Agreements, the Notes Payable 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 ("Prescribed Offering") , 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.

As at September 30, 2016, the Company also has convertible notes with a carrying value of $892,175 (June 30, 2016 - $924,429) due to Aterra Resources (the "Convertible Notes"). The convertible notes issued on July 15, 2015 have a face value of $1,000,000, bear interest at 4%, 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 $0.10.

In accordance with the Amendment Agreements, the previous terms of the Convertible Notes, which were previously payable on demand on January 31, 2017, were amended such that the Convertible Notes will become payable on demand from August 31, 2017, provided that if the Company completes a Prescribed Offering, 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.

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 period ended September 30, 2016, $19,242 (September 30, 2015 - $26,714) of accretion expense was incurred.

As a result of the amendment to the terms of the Convertible Notes on August 12, 2016 an adjustment was made to the allocation of the principal amount been liability and equity components resulting in an increase in the equity component of convertible notes by $51,496 and a corresponding decrease in the liability component of the convertible notes.

On October 14, 2016 following the completion of the Rights Offering, the company repaid the Notes Payable and Convertible Notes in full (refer note 11).

(Expressed in Canadian dollars)

5. Debt Payable

On July 8, 2016, the Company announced the settlement of a lawsuit (the “Lawsuit”) filed against its wholly owned subsidiary, GBM Holdings, by GBM Minerals Engineering Consultants Limited (“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 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.

The Debt Payable was settled on July 8, 2016 following a cash payment of $5,541,466. Funds held in escrow in the amount of £375,000 provided by the Company as security for GBMMEC’s costs in relation to the Lawsuit, an overpaid value added tax in the amount of £508,550 refunded by HM Revenue & Customs, and legal fees for escrow in the amount of £4,500 also formed part of the Consideration. For the period ended September 30, 2016, the Company incurred additional legal fees in the amount of $80,719 in relation to the finalization of the lawsuit and settlement. These legal fees are reported as professional fees in the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss for the period ended September 30, 2016.

6. 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, 2016	**485,779,888**	**$ 92,665,784**
Share subscriptions for equity financing (b) (i)	-	(14,593,070)
Shares issued for equity financing (b) (i)	265,328,536	14,593,070
Shares issue costs – filing and legal fees	-	(45,747)
Balance, September 30, 2016	**751,108,424**	**$ 92,620,037**

i) 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.

(Expressed in Canadian dollars)

6. Share Capital (Cont'd)

c) Stock options and share-based payment

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

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

	Number	Weighted average exercise price
Balance, June 30, 2016 and September 30, 2016	**14,684,500**	**$ 0.11**

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

Options outstanding at September 30, 2016	Exercise price	Options exercisable at September 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	

(Expressed in Canadian dollars)

7. Capital Management

As at September 30, 2016, 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.

8. Related Party Transactions

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

	Reference	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Management and consulting fees	a	$ 245,601	$ 224,528
Director fees	b	48,478	35,000
Interest expense	c	131,406	208,960
Total		$ 425,485	$ 468,488

a) For the period ended September 30, 2016, the Company paid or accrued management and consulting fees of $51,076 (September 30, 2015 - $39,000) to Monmouth Ltd., a company controlled by a director of the Company; $151,205 (September 30, 2015 - $115,500) to Aluso Capital Ltd., a company controlled by an officer and director of the Company; $43,320 (September 30, 2015 - $38,000) to Artisan Consulting Ltd, a company controlled by an officer of the Company; and $Nil (September 30, 2015 - $32,028) to De Jong Capital LLC, a company controlled by a director of the Company.

For the period ended September 30, 2016, the Company incurred $245,601 (September 30, 2015 - $224,528) of management and consulting fees to related parties by virtue of directors and officers in common, and of which $7,737 (September 30, 2015 - $224,528) were included in accounts payable and accrued liabilities as at September 30, 2016.

(Expressed in Canadian dollars)

8. Related Party Transactions (Cont'd)

b) For the period ended September 30, 2016, the Company incurred director fees of $48,478 (September 30, 2015 - $35,000), and of which $48,478 (September 30, 2015 - $35,000) were included in accounts payable and accrued liabilities as at September 30, 2016.

c) For the period ended September 30, 2016, the Company expensed interest of $131,406 (September 30, 2015 - $150,357) on notes payable described in note 4 to Aterra Resources, a significant shareholder of the Company, of which $19,242 represented the amortization of the convertible notes, and $112,164 was included in accounts payable and accrued liabilities as at September 30, 2016. As at September 30, 2016, the Company has notes payable in the principal amount of $3,700,000 (June 30, 2016 - $3,700,000) outstanding to Aterra Resources.

9. Segmented Information

As at September 30, 2016, the Company has total assets of $82,835,771 (June 30, 2016 - $93,237,545) and net loss of $1,341,112 (September 30, 2015 - $2,332,469) for the period ended September 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 is regularly evaluated by the chief operating decision maker.

	North America	Africa	Total
Assets	$ 4,117,933	$ 78,717,838	$ 82,835,771
Net Loss	$ 984,573	$ 356,539	$ 1,341,112

10. Financial Instruments

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

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

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

Fair value and classification

As at September 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, and convertible notes 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.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Although the Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs, there is no assurance that any steps taken by the Company will be successful in this regard, and there is risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available.

The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its immediate financial obligations and the Company's capital programs. The Company may not be able to raise financing of sufficient magnitude, or on a cost-effective basis. The failure of the Company to raise further financing would limit the ability of the Company to advance its business plan and carry on current activities. Further information regarding liquidity risk and going concern is set out in note 1.

Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and other receivable. The Company minimizes the credit risk of cash by depositing only with reputable institutions.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

i) Interest rate risk

The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Company's interest rate risk is limited because 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 the accounts payable and accrued liabilities balance payable in U.K. pound sterling ("GBP"), Swiss Franc ("CHF Franc"), and Central African Franc ("CFA Franc").

As at September 30, 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 $66,838 increase or decrease of foreign exchange or loss respectively.

11. Subsequent Events

a) 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.

   The Rights Offering consisted only of a "basic subscription privilege" (as such term is defined in National Instrument 45-106 – Prospectus Exemptions). Pursuant to the Rights Offering, 231,475,764 Common Shares were issued to persons who were insiders of the Company prior to the closing of the Rights Offering, and 106,834,862 Common Shares were issued to all other persons.

   The Company intends to use the net proceeds of the Rights Offering as indicated in the rights offering circular of the Company dated August 30, 2016 to repay debt obligations and to fund the ongoing development of the Company's Farim phosphate mineral property, including pre-engineering, procurement and construction management activities and detailed engineering, procurement and construction management ("EPCM") activities.

   A finder's fee of $55,340 was paid to an arm's length broker in relation to the participation of Conista Holdings Limited and Sputnick Limited in the Rights Offering.

b) On October 14, 2016, in accordance with the use of net proceeds in the rights offering circular, the Company repaid debt obligations consisting of four promissory notes held by Aterra Resources totalling $3.7 million plus interest in full (refer note 4).