MANAGEMENT'S DISCUSSION AND ANALYSIS OF

GB MINERALS LTD.

For the Three and Six Months Ended December 31, 2015

(Expressed in Canadian Dollars)

Dated as of February 15, 2016

This Management Discussion and Analysis ("**MD&A**") of the unaudited condensed interim consolidated financial condition, results of operations and cash flows of GB Minerals Ltd. (the "**Company**") is for the three and six months ended December 31, 2015 and 2014. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three and six months ended December 31, 2015 and 2014 (the "**Q2 Financial Statements**"), the audited annual consolidated financial statements and related notes thereto for the year ended June 30, 2015 and June 30, 2014 and previously filed management's discussions and analysis.

The financial information in this MD&A is derived from the Q2 Financial Statements which have been prepared in Canadian Dollars unless otherwise noted, in accordance with International Financial Reporting Standards ("**IFRS**") applicable to interim financial reporting. The content of this MD&A has been approved by the board of directors of the Company (the "**Board**"), on the recommendation of its audit committee (the "**Audit Committee**"). This MD&A is dated February 15, 2016 and is current to date, unless otherwise noted.

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com and on the Company's website at www.gbminerals.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the British Columbia Business Corporations Act on July 24, 2007 under the name of Resource Hunter Capital Corp. ("**RHC**"). RHC changed its name to Plains Creek Phosphate Corp. ("**PCP**") effective May 16, 2011 and subsequently to GB Minerals Ltd. trading under the symbol "GBL" effective March 28, 2013. The Company is a TSX Venture Exchange ("**TSXV**") Tier 2 listed mineral exploration and development company focusing on developing its Farim phosphate project located in Guinea-Bissau, West Africa (the "**Farim Project**").

On February 25, 2011, RHC was acquired by Plains Creek Mining Ltd. ("**PCM**"), a private company, in a reverse take-over transaction (the "**RTO Transaction**"). As a result, the Company carries on the business of PCM. Concurrent with the closing of the RTO Transaction, PCM, which subsequently changed its name to GB Minerals Holdings Ltd. ("**GBM Holdings**"), completed a brokered private placement for gross proceeds of $24,027,590 and the acquisition of a 50.1% ownership interest in GB Minerals AG ("**GBM AG**"), a Swiss company that owns the mineral rights to the Farim Project.

As consideration for the purchase of 50.1% of the share capital of GBM AG, GBM Holdings paid €9,000,000 in cash and issued 101,000,000 (5,050,000 after a share consolidation effected on March 28, 2013) of its common shares to WAD Consult AG ("**WAD**"). The common shares of PCM issued to WAD were subsequently exchanged on a one-for-one basis for common shares of the Company (the "**Common Shares**") under the RTO Transaction. The Company was also granted, under the shareholders' agreement governing the ownership of GBM AG, the option to acquire, through GBM Holdings, the remaining 49.9% issued and outstanding shares of GBM AG.

On April 4, 2013 the Company completed its acquisition of the remaining 49.9% interest in the share capital of its 50.1%-owned subsidiary, GBM AG, which in turn owns 100% of the Farim Project.

OVERVIEW AND HIGHLIGHTS

Major Events

On September 14, 2015, the Company announced the completion of a new feasibility study on the Farim Project under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("**NI 43-101**"), which study was managed by Lycopodium Minerals Canada Ltd. ("**Lycopodium**"). This new feasibility study entitled "NI 43-101 Technical Report on the Farim Phosphate Project" (the "**2015 Feasibility Study**") was filed on SEDAR on September 14, 2015.

On January 12 and 13, 2016, the Company announced a successful completion of phosphoric acid and diammonium phosphate ("**DAP**") test work (the "**DAP Test Work**") based on materials generated during the beneficiation pilot plant test work from its Farim Project.

RESOURCES

Background of the Farim Project

The Farim Project is located in the northern part of central Guinea-Bissau, West Africa, approximately 25 kilometres south of the Senegal border, approximately 5 kilometres west of the town of Farim and some 120 kilometres northeast of Bissau, the capital of Guinea-Bissau, on a 30.6 km^2 mining lease license granted by the Government of Guinea-Bissau to the Company's wholly owned subsidiary, GBM AG, in May 2009.

The Farim Project consists of a high grade sedimentary phosphate deposit of one continuous phosphate bed which extends over a known surface area of approximately 40 km^2.

The 2015 Feasibility Study

The Farim Project is estimated to contain measured resources of 105.6 million dry tonnes at a grade of 28.4% P_2O_5 and additional inferred resources of 37.6 million dry tonnes at 27.7% P_2O_5. The measured resources are estimated to include 44.0 million dry tonnes of reserves based on a 25 year mine plan at 1.75 million tonnes per annum ("**mtpa**") of mine production at the following Run of Mine ("**ROM**") grades: 30.0% P_2O_5, 2.6% Al_2O_3, 41.0% CaO, 4.7% Fe_2O_2, and 10.6% SiO_2. It is expected the phosphate ore will be beneficiated for a final phosphate rock concentrate production of 1.32 mtpa at a 34.0% P_2O_5 at 3% moisture.

Summary of Global Resource Estimate*

Classification	Million Tonnes	Grade (% P_2O_5)
Measured Resource	105.6	28.4
Indicated Resource	-	-
Total Measured and Indicated	**105.6**	**28.4**
Inferred	37.6	27.7

**Source: 2015 Feasibility Study titled "NI 43-101 Technical Report on the Farim Project" dated effective September 14, 2015. In accordance with the provisions of NI 43-101, the Company cautions that mineral resources that are not mineral reserves have not been analyzed to demonstrate economic viability.*

The Company was granted a production license in relation to the Farim Project in May 2009 and is planning an open pit mining operation. The assessment of surface mineable phosphate matrix reserves within the Farim Project area was based on the 25-year mine plan and corresponding open pit design. The pit design was developed based on a pit optimization exercise that delineated the most economical 44 million tonnes of ROM material to feed a 25 year plan at a rate of 1.75 mtpa on a dry basis, with final beneficiated phosphate rock concentrate production expected to reach 1.32 mtpa for a minimum period of 25 years.

Under the current mine plan, it is expected that 1.75 mtpa of phosphate ore will be excavated over a period of 25 years. The Company plans to mine two pits – the South Pit which will be operating up to year eight and the North Pit which will be mined thereafter. As a result of increased production, the pit shells should cover a larger area. The 2015 Feasibility Study also assumes that production will occur 12 months per annum.

With regards to the process plant design, it is planned that the ore will be beneficiated by scrubbing (both drum and attrition) followed by particle sizing to remove the fraction under 20 µm. This new beneficiation process should result in a 34.0% P_2O_5 and final mass recovery of 75.5% as confirmed by a pilot scale test on a one tonne sample that took place in May 2015. After passing through the process plant, the final production of phosphate concentrate, based on 1.75 mtpa of ROM feed has been estimated at 1.32 mtpa.

It is expected the final product will be trucked approximately 75 kilometres from the mine-site to a port to be constructed as part of the project, where the ore will be directly loaded onto ships of up to 35,000 dead weight tonnes. The product will also be further dried at the port area for a final moisture content of 3%.

The initial capital expenditure has been estimated at US$193.8 million and the life of mine operating costs at US$52.13 per tonne of final concentrate.

The resulting net present value based on a discount rate of 10% for the Farim Project is estimated at US$437 million after tax and the after tax internal project rate of return is estimated at 34.5%. The current projected payback period has been estimated at 4.3 years.

The phosphate rock price assumptions have been provided by CRU with a long-term price of US$123 per tonne for Moroccan FOB K10 phosphate rock concentrate from 2019 onward. The Company has assumed a premium over Morocco FOB K10 of 9.7% for the first eight years of production and a premium of 4.7% thereafter. The lower premium will be used until bench scale tests for the material from Year 8 onward have been completed and confirm that a higher premium is achievable.

Key Highlights

- Process improvements resulted in reduced process plant operating and capital costs
- Final product grade of 34.0%[1]
- Overall mass recovery of 75.5%[1]
- Pilot plant test performed on a one tonne sample, representative for the first seven years of mining
- Initial 25 year mine life based solely on reserves
- Mine production of 1.75 mtpa
- Final phosphate rock production of 1.32 mtpa[1]
- Initial capital costs of US$193.8 million
- Cumulative net cash flow, post-tax, US$1.9 billion
- Net Present Value based on a discount rate of 10%, post-tax, US$437 million[2]
- Tax effected internal rate of return of 34.5% based on long term phosphate rock price of US$123 per tonne with a 4.3 year pay-back period
- Low cost position with an average life of mine cash operating costs of US$52 per tonne of final concentrate
- Average cash cost for first seven years of production of US$46 per tonne of final concentrate
- Average EBITDA for first seven years of production of US$110 million per year
- Royalties and income taxes to the Government of Guinea Bissau exceeding US$550 million
- Improved logistics including the construction of a new port and use of existing local highway
- 19 months from the start of detailed engineering to production; longest lead item of 11 months from ordering

[1] *All tonnages and quality data in this report refer to dry tonnes. Per tonne data refers to final concentrate tonnage.*
[2] *Additional sensitivities are shown in table 22-5 to table 22-9 of the 2015 Feasibility Study.*

The DAP Test Work

Key Highlights:

- Continuous phosphoric acid tests resulted in merchant grade of 50% to 52% P_2O_5
  - Minor Element Ratio ("**MER**") ranging between 0.045 and 0.051, significantly below the recommended limit of 0.085 for producing high-analysis fertilizers such as DAP
  - CaO/P_2O_5 ratios contained in the Farim phosphate amongst the world's lowest at 1.41 resulting in low sulphuric acid consumption and less phosphogypsum production, to the benefit of customers

- Successful DAP production using unclarified phosphoric acid
  - Total nitrogen ranging from 18.1% to 18.6%
  - Available P_2O_5 ranging from 50.1%% to 50.4%

Environmental and Social Impact Assessment

The environmental baseline studies and the environmental and social impact assessment **("ESIA")** for the project site required to advance the Farim Project have been completed and were submitted to the Ministry of Energy, Industry and Natural Resources of Guinea-Bissau (the "**MNR**") in December 2014. The ESIA for the mine was also submitted to the MNR in December 2014.

Since the submission of the ESIA for the mine, further work was commissioned for the road and port areas, and to account for any modifications to the original mine plan. In September 2015, the additional work on the ESIA for the mine, road, and port area ("**2015 ESIA**") was completed and prepared in accordance with:

- Equator Principles III
- International Finance Corporation ("**IFC**") Performance Standards on Social and Environmental Sustainability
- Air, noise, and water quality standards adopted by the IFC, established by the World Health Organization, or by other jurisdictions
- International Council of Mining and Metals best industry practice guidance documents on community development planning and mine closure

The updated version of the 2015 ESIA is currently being translated for submission to the MNR in the first quarter of calendar year 2016.

Mineral Rights Expenditures and Balances

	Farim Project
Balance as at June 30, 2015	**$ 77,067,258**
Additions – capitalized exploration expenditures:	
Amortization	9,277
Asset retirement obligations	7,408
Drilling and exploration	194,279
Environmental	460,051
Feasibility	941,840
Foreign exchange adjustments	103,420
Freight and transportation	4,353
License and permits	258,375
Overheads	17,169
Pre-EPCM works	58,970
Resettlement	12,279
Salaries	144,482
Travel	25,892
Balance as at December 31, 2015	**$ 79,305,053**

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

As at December 31, 2015, the Company had a negative working capital of $24,415,197 (June 30, 2015 - $20,799,915) and reported a net loss of $5,175,921 for the period ended December 31, 2015 (December 31, 2014 - $2,776,789).

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

For the three months ended December 31, 2015 compared to the three months ended December 31, 2014

The Company's net loss for the three months ended December 31, 2015 was $2,843,452 (December 31, 2014 – $1,178,280). General and administrative expenses totalled $139,009 (December 31, 2014 - $107,177), which included rent, insurance, repair and maintenance, security, fuel, and other items for day-to-day business operations. General and administrative expenses increased due to the increase in costs of conducting day-to-day business operations during the current quarter. Management and consulting fees amounted to $419,575 (December 31, 2014 – $257,962), which included administrative consulting, financial consulting, management consulting, and project operations consulting. Management and consulting fees increased significantly due to an increase in the monthly consulting fee accrued or paid to the Project Director of the Company; retention of a recruitment agency for the hiring of a Business Development Head; and retention of a public relation firm during the current quarter. Salaries and wages totalled $240,569 (December 31, 2014 - $47,755). Salaries and wages increased significantly mainly due to the hiring of the Country Manager, settlement of an in-country employment termination contract, and an accrued amount on past-due in-country employment source deductions as compared with the prior comparative quarter. Professional fees (audit and legal) increased significantly to $967,785 (December 31, 2014 - $210,225), of which $141,093 was related to corporate legal, $179,454 was related to legal advisory on consideration for project financing, and $629,514 was related to litigation. The increase of legal fees in the current quarter was mainly due to the increased level of engagement in litigation against GBM Minerals Engineering Consultants Limited ("**GBMMEC**") subsequent to an application made in September 2015 to the courts to amend its defence and counterclaim to reflect information and findings uncovered in the discovery stage of the proceeding. Interest expense totalled $471,336 (December 31, 2014 - $225,629). For the current quarter ended December 31, 2015, the Company's interest expense is associated with the notes payable as described in note 6 and the debt payable as described in note 7 of the Q2 Financial Statements. Financial and technical advisory totalled $295,080 (December 31, 2014 - $22,713). For the current quarter ended December 31, 2015, the Company incurred $186,911 in independent technical advisory work related to consideration for project financing. Investor relations decreased significantly to $3,767 (December 31, 2014 - $23,388) due to an elimination of investor relations consulting fees paid to a marketing and business development personnel during the current quarter. Travel increased to $128,307 (December 31, 2014 - $72,005) due to a group strategy workshop held in Portugal during the current quarter. Loss on foreign exchange totalled $119,183 (December 31, 2014 – <$53,025>) due to unfavourable fluctuation in the value of the Canadian Dollar as mainly compared to the British Pound, in which the Company has a significant portion of its accounts payable and accrued liabilities, and debt payable in the current quarter. The loss on foreign exchange is also affected by the unfavourable fluctuation in the value of the Canadian Dollar against the Swiss Franc and the Central African Franc in the current quarter as compared with the prior comparative quarter.

For the six months ended December 31, 2015 compared to the six months ended December 31, 2014

The Company's net loss for the six months ended December 31, 2015 was $5,175,921 (December 31, 2014 – $2,776,789). General and administrative expenses totalled $269,295 (December 31, 2014 - $214,677), which included rent, insurance, repair and maintenance, security, fuel, and other items for day-to-day business operations. General and administrative expenses increased due to an in-country visit with various participating groups in July 2015 related to consideration for project financing and the increase in costs of conducting day-to-day business operations during the current period. Management and consulting fees amounted to $770,347 (December 31, 2014 – $587,174), which included administrative consulting, financial consulting, management consulting, and project operations consulting. Management and consulting fees increased significantly due to an increase in the monthly consulting fee accrued or paid to the Project Director of the Company; retention of a recruitment agency for the hiring of a Business Development Head; and retention of a public relation firm during the current period. Salaries and wages totalled $367,052 (December 31, 2014 - $185,847). Salaries and wages increased significantly mainly due to the hiring of the Country Manager, settlement of an in-country employment termination contract, and an accrued amount on past-due in-country employment source deductions as compared with the prior comparative period. Professional fees (audit and legal) increased significantly to $1,723,565 (December 31, 2014 - $474,500), of which $284,934 was related to corporate legal, $179,454 was related to legal advisory related to consideration for project financing, and $1,241,453 was related to litigation. The increase of legal fees in the current period was mainly due to the increased level of engagement in litigation against GBMMEC subsequent to an application made in September 2015 to the courts to amend its defence and counterclaim to reflect information and findings uncovered in the discovery stage of the proceeding. Interest expense totalled $937,332 (December 31, 2014 - $646,821). For the current period ended December 31, 2015, the Company's interest expense is associated with the notes payable as described in note 6 and the debt payable as described in note 7 of the Q2 Financial Statements. Financial and technical advisory totalled $344,275 (December 31, 2014 - $45,438). For the current period ended December 31, 2015, the Company incurred $245,063 in independent technical advisory work related to consideration for project financing. Investor relations increased to $123,689 (December 31, 2014 - $62,706) due to the purchase of a two-phase phosphate rock market study. Travel increased significantly to $241,501 (December 31, 2014 - $135,381) due to an in-country visit with various participating groups in July 2015 related to consideration for project financing and a group strategy workshop held in Portugal in December 2015. Loss on foreign exchange totalled $289,775 (December 31, 2014 – $15,216) due to unfavourable fluctuation in the value of the Canadian Dollar as mainly compared to the British Pound, in which the Company has a significant portion of its accounts payable and accrued liabilities, and debt payable in the current period. The loss on foreign exchange is also affected by the unfavourable fluctuation in the value of the Canadian Dollar against the Swiss Franc and the Central African Franc in the current period as compared with the prior comparative period.

FINANCIAL POSITION AND LIQUIDITY

The Company's total assets as at December 31, 2015 amounted to $81,157,586 (June 30, 2015 - $78,755,854). Cash and cash equivalents totalled $560,700 as at December 31, 2015 (June 30, 2015 - $1,020,839). During the period ended December 31, 2015, the Company received net proceeds of $3,883,549 from a non-brokered private placement completed on October 23, 2015, and an advance of $2,000,000 through issuance of a convertible note and a promissory note as described in note 6 of the Q2 Financial Statements. During the period ended December 31, 2015, payments of $765,262 (£ 375,000) was provided by the Company as a security for cost in escrow being held with the Company's litigation counsel in relation to the litigation, and $152,860 (CFA 66,722,201) was being held in escrow with the Supremo Tribunal de Justica of Guinea Bissau in relation to an in-country labour dispute. Other receivable amounted to $20,637 (June 30, 2015 - $141,159). During the period ended December 31, 2015, other receivable decreased significantly which was mainly due to a decreased goods and services tax refund receivable from the Canada Revenue Agency. Prepaid expenses as at December 31, 2015 amounted to $294,194 (June 30, 2015 - $462,211), of which the decrease mostly represented the application of deposits against billings for the 2015 Feasibility Study and 2015 ESIA. As at December 31, 2015, mineral rights totalled $79,305,053 (June 30, 2015 - $77,067,258).

The Company's total liabilities as at December 31, 2015 amounted to $33,119,276 (June 30, 2015 - $29,327,400). The increase in total liabilities was mainly due to an increase in the accounts payable and accrued liabilities, notes payable, and convertible notes payable during the period ended December 31, 2015.

Shareholders' equity as at December 31, 2015 was $48,038,310 (June 30, 2015 - $49,428,454). For the period ended December 31, 2015, the decrease in the total shareholders' equity was primarily due to the net loss of $5,175,921 (December 31, 2014 - $2,776,789), offset by an increase of $3,883,549 (December 31, 2014 - $13,874,468) in share capital, which represented the net proceeds of a non-brokered private placement completed on October 23, 2015.

RESULTS OF CASH FLOW

The Company's ending cash and cash equivalents as at December 31, 2015 amounted to $560,700 (June 30, 2015 - $1,020,839). Cash used in operating activities of $3,194,615 for the period ended December 31, 2015 decreased from the cash outflow of $3,815,766 for the prior comparative period due to a combination of net loss of $5,175,921 (December 31, 2014 - $2,776,789) and changes in non-cash working capital of $1,325,991 (December 31, 2014 - $1,910,121), offset by the adjustments for non-cash items in the amount of $655,315 (December 31, 2014 - $871,144).

For the period ended December 31, 2015, cash used in investing activities in the amount of $3,156,657 (December 31, 2014 - $1,619,882) was mainly due to expenditures on the 2015 Feasibility Study and 2015 ESIA, and capitalized in-country exploration work.

For the period ended December 31, 2015, the cash provided from financing activities of $5,883,549 (December 31, 2014 - $6,474,520) included the net proceeds of a $3,883,549 non-brokered private placement completed on October 23, 2015 and an advance of $2,000,000 through issuance of a convertible note and a promissory note.

SUMMARY OF QUARTERLY RESULTS FOR EACH OF THE LAST EIGHT QUARTERS:

Quarter ended	Total revenue	Net loss (income)	Basic and diluted loss per share
December 31, 2015	$Nil	$2,843,452	$0.01
September 30, 2015	$Nil	$2,332,469	$0.01
June 30, 2015	$Nil	$2,235,665	$0.01
March 31, 2015	$Nil	$2,541,734	$0.01
December 31, 2014	$Nil	$1,178,280	$0.01
September 30, 2014	$Nil	$1,598,508	$0.01
June 30, 2014	$Nil	<$368,993>	<$0.01>
March 31, 2014	$Nil	$1,776,670	$0.03

The quarterly variations have been relatively similar unless noted otherwise in the quarterly variations summarized herein: the increase of $2,145,663 in net income from the March 31, 2014 quarter to the June 30, 2014 quarter can be mainly attributed to the adjustments made on the gain on debt settlement in that quarter, offset partially by the quarterly operating loss. The increase of $1,967,501 in net loss from the June 30, 2014 quarter to the September 30, 2014 quarter can be mainly attributed to the quarterly operating loss and loss on settlement of convertible debentures due to early repayment of the existing convertible debentures. The increase of $1,363,454 from the December 31, 2014 quarter to the March 31, 2015 quarter can be mainly attributed to foreign exchange loss, an increase in litigation cost and financial advisory costs, and an increase in consulting fees due to the retention of a recruitment agency for the hiring by the Company of a Country Manager.

OFF BALANCE-SHEET ARRANGEMENTS

The Company has no off balance-sheet arrangements.

CAPITAL RESOURCES AND GOING CONCERN

As at and for the period ended December 31, 2015, the Company had a negative working capital of $24,415,197 (June 30, 2015 - $20,799,915) and a net loss of $5,175,921 (December 31, 2014 - $2,776,789) respectively.

In December 2012, GBMMEC delivered to the Company a feasibility report on the Farim Project. As of December 31, 2015, the Company has been charged pre-exploration costs of $1,362,351 (£667,590) and mineral property costs of $20,518,496 (£10,054,636) for the services provided by GBMMEC and its sub-consultants. On October 23, 2013, the Company exercised its right under the settlement deed entered into with GBMMEC on January 30, 2013 and subsequently amended on July 26, 2013 (the "**Settlement Deed**"), as described in note 7 and note 9a of the Q2 Financial Statements, to request clarifications on GBMMEC's unpaid invoices (the "**Request for Clarification**"). These invoices were issued under a services agreement entered into between GBM Holdings and GBMMEC on January 18, 2010 for the provision by GBMMEC of engineering consultancy services, including the production of a full feasibility study on the Farim Project (the "**GBMMEC Services Agreement**"). To date, most of the issues raised by the Company in its Request for Clarifications remain unanswered. The Company has withheld payment of its first seven quarterly principal instalments to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defense and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the GBMMEC Services Agreement. In September 2015, GBM Holdings made an application to the courts to amend its defense and counterclaim to reflect information and findings uncovered in the discovery stage of the proceedings. As a result of withholding payments, as at December 31, 2015, the Company is in default on the first seven quarterly principal instalments in the aggregate amount of $8,928,062 (£4,375,000) of its debt payable, as described in note 7 and note 9a of the Q2 Financial Statements. In October 2015, the Company provided a security for cost in escrow being held with the Company's litigation counsel, in the amount of £375,000 as described in note 3 of the Q2 Financial Statements.

The Company actively monitors its liquidity to use its best effort to ensure that its cash flows and working capital are adequate to support its immediate financial obligations and capital programs. However, there is a risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available, and the Company may not be able to raise financing of sufficient magnitude, or on a cost-effective basis. The Company's failure to raise further financing would limit its ability to advance its business plan and carry on current activities. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation properties and development programs. Since inception, the Company's activities have been funded through equity and/or debt financings. The Company is in continuous fundraising mode. Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

FINANCING ACTIVITIES

On July 16, 2015, the Company issued a note payable for a total aggregate amount of $1,000,000 to A.B. Aterra Resources ("**Aterra Resources**"), a related party of a major shareholder A.B. Aterra Investments Ltd. (formerly Aterra Investments Ltd.) ("**Aterra Investments**"), in exchange for a promissory note (the "**July 2015 Aterra Resources Promissory Note**"). The principal amount is due on demand provided that no such demand may be made until the earlier of (i) January 31, 2017 and (ii) the occurrence of an event of default. In accordance with the provisions of the July 2015 Aterra Resources Promissory Note, the principal amount bears interest at the rate of 4% per annum and interest is payable quarterly in arrears on the first day of each January, April, July, and October (beginning on October 1, 2015). The July 2015 Aterra Resources Promissory Note may be repaid in Common Shares or in cash through other financings, at the option of the Company or Aterra Resources, to convert at $0.075 per Common Share in the first year of the convertible note, and at $0.10 per Common Share thereafter. Any Common Shares that may be issued pursuant to the terms of the July 2015 Aterra Resources Promissory Note were subject to a hold period expiring on November 16, 2015.

On October 27, 2015, the Company announced that it closed on October 23, 2015 a non-brokered private placement of 79,442,000 Common Shares at a price of $0.05 per share and raised aggregate gross proceeds of $3,972,100. The Common Shares were purchased by various existing shareholders and related parties of the existing shareholders of the Company. The Common Shares are subject to a four-month hold period from the date of issuance. Aterra Resources and Zaff LP ("**Zaff**"), a subsidiary of a major shareholder Alpha Infrastructures LLC ("**Alpha**"), each purchased 26,788,000 Common Shares. Other existing shareholders of the Company purchased 25,866,000 Common Shares. The Company paid finder's fee of $64,665 in relation to the private placement. As a result of this transaction completed on October 23, 2015, Aterra Investments and Aterra Resources (together, "**Aterra**"), owned an aggregate of 49.17% of the issued and outstanding Common Shares; and Zaff owned an aggregate of 26.08%[1] of the issued and outstanding Common Shares. As at February 15, 2016, Aterra owned an aggregate of 49.17% of the issued and outstanding Common Shares; and Zaff owned an aggregate of 26.08%[1] of the issued and outstanding Common Shares.

[1]T*he 26.08% of the issued and outstanding Common Shares of the Company owned by Zaff included the 59,874,312 Common Shares which were previously owned by Alpha and were re-registered under Zaff on October 13, 2015.*

On December 4, 2015, the Company issued a note payable for a total aggregate amount of $1,000,000 to Aterra Resources in exchange for a promissory note (the "**December 2015 Aterra Resources Promissory Note**"). The principal amount is due on demand provided no such demand may be made until the earlier of (i) May 31, 2016 and (ii) the occurrence of an event of default in accordance with the provisions of the December 2015 Aterra Resources Promissory Note, the principal would remain outstanding until demanded and bear an interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning January 1, 2016).

Subsequent Events

On January 26, 2016, the Company issued a note payable for a total aggregate amount of $1,000,000 to Aterra Resources in exchange for a promissory note (the "**January 2016 Aterra Resources Promissory Note**"). The principal amount is due on demand provided that no such demand may be made until the earlier of (i) July 31, 2016 and (ii) the occurrence of an event of default described in the promissory note dated January 26, 2016. Under the provision of the promissory note, the principal shall remain outstanding until demanded and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the 1st day of each January, April, July, and October (beginning April 1, 2016).

USED OF PROCEEDS

The Company continues to utilize the proceeds from the private placements to fund its operations:

Date of placement	**Gross proceeds**	**Shares issued**	**Shares converted**	**Planned and actual use of proceeds**	**Use of proceeds other than planned**
July 16, 2015 [1]	$1,000,000	-	-	Expenses and development of the Farim Project, to meet the Company's financial obligations and operations commitments, to fund litigation against GBMMEC and for additional working capital	The actual use of proceeds from the private placement is in line with its intended use as stated on its press release dated July 21, 2015
October 23, 2015	$3,972,100	79,442,000	-	Expenses and development of the Farim Project, to meet the Company's financial obligations and operations commitments, to fund litigation against GBMMEC and for additional working capital	The actual use of proceeds from the private placement is in line with its intended use as stated on its press release dated December 11, 2015

[1] *Convertible note payable*

RELATED PARTY BALANCES AND TRANSACTIONS

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

For the six month period ended December 31, 2015, the Company paid or accrued director fees of $60,000 (December 31, 2014 - $62,000) to the directors of the Company: Brent de Jong, Kirill Zimin, Robert Edwards, and Walter Davidson.

For the six month period ended December 31, 2015, stock-based payments of $Nil (December 31, 2014 – $179,745) arose due to vesting of stock options. These stock options are non-cash stock-based compensation issued to directors, officers, and companies related by virtue of directors and officers in common.

For the six month period ended December 31, 2015, the Company incurred share-based payments in an aggregate amount of $Nil (December 31, 2014 - $489,761) to settle outstanding debt owed to related parties by virtue of them being directors, officers and existing shareholders, Aterra Investments and Zaff, in connection with consulting and advisory services previously provided to the Company and to current directors of the Company for their outstanding directors' fees.

For the six month period ended December 31, 2015, the Company expensed interest of $319,188 (December 31, 2014 - $Nil) on notes payable, to Aterra Resources, and of which $59,051 (December 31, 2014 - $Nil) represented the amortization of the convertible notes, and $260,137 (December 31, 2014 - $Nil) was included in accounts payable and accrued liabilities as at December 31, 2015. As at December 31, 2015, the Company has notes payable and convertible notes payable in the principal amount of $5,050,000 (June 30, 2015 - $3,050,000) outstanding to Aterra Resources, and of which $3,050,000 Aterra Resources has the rights to demand as at December 31, 2015.

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

Other transactions with related parties are described under the 'Financing Activities' section of this MD&A.

FINANCIAL INSTRUMENTS

The Company's financial instruments include 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. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. Note 14 of the Q2 Financial Statements presents information about the Company's exposure to each of the aforementioned risks and the Company's objectives, policies and processes for measuring and managing these risks.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies, estimates and judgements are described in note 2 of the audited annual consolidated financial statements for the year ended June 30, 2015.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

For the three and six month periods ended December 31, 2015 and the comparative periods ended December 31, 2014, the Company incurred the following costs and expenses:

	Three Months Ended December 31, 2015	**Three Months Ended December 31, 2014**	**Six Months Ended December 31, 2015**	**Six Months Ended December 31, 2014**
Capitalized exploration expenditures:				
Amortization	$ 4,633	$ 6,505	$ 9,277	$ 13,061
Asset Retirement Obligations	981	6,142	7,408	6,867
Drilling and exploration	96,556	61,105	194,279	107,394
Environmental	27,100	27,894	460,051	27,894
Feasibility	137,178	938,687	941,840	938,687
Foreign exchange adjustments	8,423	(10,786)	103,420	(41,222)
Freight and transportation	-	5,743	4,353	5,743
Geological consulting	-	(138,326)	-	-
Licence and permits	128,841	221,715	258,375	490,089
Metallurgical	-	10,724	-	10,724
Overheads	15,332	(4,282)	17,169	4,281
Pre-EPCM works	58,970	-	58,970	-
Resettlement	12,279	-	12,279	-
Salaries	72,275	26,880	144,482	56,606
Travel	16,077	-	25,892	-
	$ 578,654	**$ 1,152,001**	**$ 2,237,795**	**$ 1,646,124**
General and administrative expenses:				
Fuel	$ 14,129	$ 17,006	$ 28,157	$ 30,056
Insurance	7,613	7,613	15,880	16,709
Other operations	47,486	26,166	82,521	51,303
Rent	38,878	32,236	76,514	69,206
Repair and Maintenance	14,083	7,826	32,657	14,486
Security	16,821	16,330	33,566	32,917
	$ 139,009	**$ 107,177**	**$ 269,295**	**$ 214,677**

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Six Months Ended December 31, 2015	Six Months Ended December 31, 2014
Management and consulting fees:				
Administrative	$ 107,365	$ 17,355	$ 127,520	$ 48,657
Financial	2,540	(10,903)	9,053	(2,807)
Management	192,500	182,510	385,000	402,990
Project operations	117,170	69,000	248,774	138,334
	$ 419,575	**$ 257,962**	**$ 770,347**	**$ 587,174**
Professional fees (audit and legal):				
Audit	$ 17,724	$ -	$ 17,724	$ 1,323
Legal - Corporate	141,093	47,261	284,934	140,621
Legal – Project financing	179,454	-	179,454	-
Legal - Litigation	629,514	162,964	1,241,453	332,556
	$ 967,785	**$ 210,225**	**$ 1,723,565**	**$ 474,500**

OUTSTANDING SHARE DATA

The Company has an unlimited number of Common Shares authorized for issuance without par value.

As at December 31, 2015 and February 15, 2016, there were 332,262,516 Common Shares issued and outstanding, respectively; and 14,884,500 and 14,684,500 incentive stock options issued and outstanding, respectively. The Company had 13,333,333 convertible units relating to the convertible note and no warrants outstanding as at December 31, 2015 and February 15, 2016. The fully diluted number of Common Shares as at December 31, 2015 and February 15, 2016 were 360,480,349 and 360,280,349, respectively.

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian regulatory filings prior to making an investment in the Company.

General

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and/or quality to return a profit from production.

The Company is in the resource sector and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same industry. Some of the current risks include the following:

(a) The Company has no history of earnings and will not generate earnings until production commences.

(b) Any future equity financings by the Company for the purposes of raising additional capital may result in substantial dilution to the holdings of existing shareholders;

(c) There can be no assurance that an active and liquid market for the Common Shares will develop and investors may find it difficult to resell their Common Shares;

(d) The directors and officers of the Company will devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses, and as such, conflicts of interest may arise from time to time.

The Company's Business is subject to Exploration and Development Risks

The Company's mineral property is in the exploration and development stage although reserves are disclosed in the 2015 Feasibility Study filed on SEDAR. At this stage, favourable results, estimates and studies are subject to a number of risks, including, but not limited to:

- the difficulties inherent in scaling up operations and achieving expected metallurgical recoveries;
- the possibility of cost estimates increasing in the future; and
- the possibility of difficulties procuring needed supplies of electrical power and water.

Estimates of reserves, resources and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as fire, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

The Company will continue to rely upon consultants and others for exploration and development expertise. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the costs of operations, fluctuations in markets, allowable production, importing and exporting of minerals and environmental protection.

In addition, the mineral resource and mineral reserve figures referred to in this MD&A are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the mineral resource and mineral reserve estimates in respect of its Farim Project are well established, by their nature mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource and mineral reserve estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Financing Risks

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

Liquidity Risks and Going Concern

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Although the Company takes steps at its best efforts 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 is in continuous fundraising mode. The Company will issue equity at its best effort to ensure it has sufficient access to cash to meet current and foreseeable financial requirements. 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 evaluation of its projects with the possible loss of such properties.

The Company currently does not have sufficient cash on hand to continue with its exploration and development programs for the immediate future and its immediate and long term continuance is dependent on obtaining sufficient external financing (predominantly through the issuance of equity and/or debt) to realize the recoverability of its investment in it mineral rights which is dependent upon the existence of economically recoverable reserves and upon future profitable production. Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable; and Company's failure to raise further financing would limit its ability of the Company to advance its business plan and carry on current activities. As at December 31, 2015, the Company had a negative working capital of $24,415,197 (June 30, 2015 - $20,799,915), and net loss of $5,175,921 for the period ended December 31, 2015 (December 31, 2014 - $2,776,789). The material uncertainty surrounding the raising of additional financing casts significant doubt about the Company's ability to continue as a going concern. As at the balance sheet date of December 31, 2015, the Company has not generated any revenue from mining operations. Accordingly, the Q2 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.

Additionally, the Company is currently engaged in litigation with GBMMEC related to unpaid invoices as well as the Company's debt payable. If the Company is unable to resolve this dispute favourably or obtain favourable decision from the courts, it may have material adverse impact on its financial condition, cash flow and results of operations. The Company has withheld payment of the first seven quarterly principal instalments due to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defense and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the GBMMEC Services Agreement. In September 2015, GBM Holdings has made an application to the courts to amend its defense and counterclaim to reflect information and findings uncovered in the discovery stage of the proceeding. As a result of withholding payment, as at December 31, 2015, the Company is in default of the first seven quarterly principal instalments in the aggregate amount of $8,928,062 (£4,375,000) of its debt payable. Should the Company's above-noted position not be accepted, if the debtor exercises its rights under the Settlement Deed, the Company may be forced to liquidate its assets including mineral rights in order to repay the debt if, at that date, it lacks sufficient funds to satisfy this liability (refer to note 7 and note 9a of Q2 Financial Statements for further discussion of the agreement and ongoing litigation).

Political Risk

The Company's mineral property, which it holds through its wholly-owned subsidiary, GBM AG, is located in Guinea-Bissau, West Africa, and is subject to changes in political conditions and regulations in that country. In the past, Guinea-Bissau has been subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. GBM AG's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Guinea-Bissau regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. GBM AG's mineral exploration and mining activities in Guinea-Bissau may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to GBM AG's activities or maintaining its licenses. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

A number of other approvals, licenses and permits may be required for various aspects of mine development. While the Company will use its best efforts to ensure title to the licenses and access to surface rights continue into the future, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. The Company and GBM AG are uncertain if all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulation or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on the Farim Project. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

No Assurance to Title

The Company, through GBM AG, has represented that it has valid title to its properties with the Government of Guinea-Bissau, and the Company has obtained a formal opinion on title to the property. However, it remains possible that the property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Litigation

The Company is currently engaged in litigation against GBMMEC, in relation to which it is incurring legal fees. If the Company is unable to resolve the dispute favourably or obtain a favourable decision from the courts, it may have a material adverse impact on its financial condition, cash flow and results of operations.

Fluctuating Price and Currency

The Company raises its equity primarily in Canadian Dollars and will conduct its principal business and operation activities in and proposes to maintain certain accounts in Canadian Dollars, United States Dollars British Pounds, Euros, Swiss Francs, and Central African Francs. GBM AG's operations in Guinea-Bissau make it subject to foreign currency fluctuation and such fluctuations may adversely affect the Company's financial position and operating results.

Competition

The mineral industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and service providers. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of phosphate. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market regulations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combinations of these factors may result in the Company not receiving adequate return on invested capital or losing its investment capital.

Environmental Risk

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development and a higher level of responsibility for companies and their officers, directors and employees. There is no assurance that future changes to environmental legislation in West Africa will not adversely affect the Company's operations. Environmental risks may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

OUTLOOK

Following the submission of the environmental baseline studies and the mine ESIA to the MNR, additional work for international standards was performed. In September 2015, the additional work including the mine, road, and port area was completed to Equator Principles and World Bank standards including IFC performance standards 1-8 2012.

A significant milestone was achieved on September 14, 2015, in which the Company announced the completion of 2015 Feasibility Study. The 2015 Feasibility Study confirms the Company's belief that the Farim phosphate mine is a robust and compelling project with the detailed study will better unlocking its full potential. This will create a new industry in Guinea-Bissau by building the first commercial mine. This technically simple project will be accelerated to production within two years of commencing detailed engineering and should create 770 direct jobs at its peak.

Following the positive feasibility study, the Company embarked on an equity fundraising with key shareholders, approximately raising $4 million which formed a first step in strengthening the balance sheet and the next phase of development. The proceeds of this round of fundraising were being used towards meeting the Company's financial obligations, working capital and continuing the development of the Farim Project by initiating some pre-EPCM works and moving the Farim Project closer to the production stage. The advantages to this world class asset will be numerous; to name a few such as high quality resources with expansion potential, ability to produce a superior quality product, low capital intensity, and lowest quartile operating costs well positioned for the Atlantic Basin and Africa and beyond with its low cost base. This asset will be resilient and generate free cash flow under low phosphate rock prices. In creating a new industry in the country, the Company will also be a significant contributor to Guinea-Bissau's gross domestic product generated by royalties and taxes. The local communities will be transformed by the mine's development.

The Company announced on 12th and 13th January 2016 the successful completion of the DAP Test Work The successful DAP Test Work should clearly demonstrate the viability of the Farim Project and further support the Company's belief that the Farim phosphate deposit is one of the highest quality in the world. The benefits downstream to potential customers are apparent with these results. The Company is progressing discussions for off-take agreements in its chosen markets as well as debt financing that will de-risk the project even further. Management looks forward to updating stakeholders in the near future.

The key objectives of the Company are focused on maximizing shareholder value on a number of fronts:

- Continue progressing debt and equity financing discussions;
- Hold discussions with partners in contracting sales;
- Broaden off-take partner discussions that may lead to advanced capital for development of the Farim Project;
- Work with the Government of Guinea-Bissau to finalise a definitive mining agreement with a satisfactory fiscal regime; and
- Submission for approval by the Government of Guinea-Bissau of the 2015 Feasibility Study and the 2015 ESIA fully translated into Portuguese.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS ON FINANCIAL REPORTING

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Q2 Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the Q2 Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's accounting policies.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

QUALIFIED PERSON

Dan Markovic, P.Eng. of Lycopodium, a Qualified Person in the meaning of National Instrument 43-101, is one of the Qualified Persons responsible for the Company's most recent technical report dated September 14, 2015, and has read and approved the relevant technical information contained in this MD&A. Mr. Markovic is independent from the Company.

Jamie Knez, P.Eng. of KEMWorks in Lakeland Florida, who is a Qualified Person as defined in National Instrument 43-101, supervised and worked on, and is responsible for the technical information in the DAP Test Work report which the Company announced in its news release on January 12 and 13, 2016 and contained in this MD&A. Ms. Knez is independent from the Company.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this MD&A relating to the Company is forward-looking information that may relate to future events or the Company's future performance. All information other than information of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that this information will prove to be correct and such forward-looking information should not be unduly relied upon. Furthermore, this information speaks only as of the date of this MD&A.

The forward-looking statements in this MD&A include, among other things, statements or information relating to: the Farim Project (including the quantity and quality of mineral resource and mineral reserve estimates), the potential to upgrade inferred mineral resources, the ability of the Company to develop the Farim Project into a commercially viable mine and the proposed new plans relating thereto regarding operations and mine design, estimates relating to tonnage, grades, recovery rates, future phosphate production, future cash flows, life of mine estimates, expectations regarding production, estimates of capital and operating costs, estimates of revenues and pay-back periods, estimates of net present values and internal rates of return, expectations regarding operating parameters, construction activities, transportation methods, the results of phosphoric acid and DAP test work, expectations regarding the potential environmental and socio-economic impacts of the Farim Project, expectation that all licences/permits will be able to be obtained, when required as well as the other forecasts, estimates and expectations relating to the Farim Project included in this MD&A, the future market price of commodities, strategic plans, production targets, timetables, the continued listing of the Common Shares on the TSXV, financing plans and alternatives, anticipated sources of funding, and targets, goals, objectives and plans associated therewith.

With respect to forward-looking information contained in this MD&A, assumptions have been made regarding, among other things: general business, economic and mining industry conditions; interest rates and foreign exchange rates; mineral resource and mineral reserve estimates; geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources and mineral reserves) and cost estimates on which the mineral resource and mineral reserve estimates are based; the parameters and assumptions employed in the 2015 Feasibility Study, (including but not limited to, those relating to construction, future mining and operating costs, processing and recovery rates, net present values and internal rates of return, timing for the commencement of production, tax and royalty rates, future phosphate prices, metallurgical rates, pit design, operations and management, grades and the base case analysis); the supply and demand for commodities and the level and volatility of the prices of phosphate; market competition; the ability of the Company to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities; the business of the Company; the political environments and legal and regulatory frameworks in Guinea-Bissau with respect to, among other things, the ability of the Company to obtain, maintain, renew and/or extend required permits, licences, authorizations and/or approvals from the appropriate regulatory authorities and the ability of the Company to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demand. Assumptions used in the preparation of such information, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Actual results could differ materially from those anticipated in the forward-looking information contained in this MD&A as a result of the risk factors, including: risks normally associated with exploration and development of mineral properties; the inability of the Company to obtain required financing when needed and/or on acceptable terms or at all; political risks; risks related to the Company's title to its mineral properties; risks related to the litigation against GBMMEC; changes in exchange rates and commodity prices;

competitive conditions in the mineral exploration and mining industry; risks related to environmental regulations; and future unforeseen liabilities and other factors.

Disclosure herein of exploration information and of mineral resources and mineral reserves is derived from the 2015 Feasibility Study. Information relating to "mineral resources" and "mineral reserves" is deemed to be forward-looking information as it involves the implied assessment based on certain estimates and assumptions that the mineral resources and mineral reserves can be profitable in the future. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Accordingly, readers should not place undue reliance on forward-looking information. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. The forward-looking information included in this MD&A is expressly qualified by this cautionary statement and is made as of the date of this MD&A. The Company does not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.