MANAGEMENT'S DISCUSSION AND ANALYSIS OF

GB MINERALS LTD.

For the Year Ended June 30, 2014

(Expressed in Canadian Dollars)

Dated as of October 15, 2014

This Management Discussion and Analysis ("**MD&A**") of the audited consolidated financial condition, results of operations and cash flows of GB Minerals Ltd. ("**GBML**" or the "**Company**") is for the years ended June 30, 2014 and 2013. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the years ended June 30, 2014 (the "**Q4 Financial Statements**"), the audited annual consolidated financial statements and related notes thereto for the years ended June 30, 2013 and 2012 and previously filed management's discussions and analysis.

The financial information in this MD&A is derived from the Q4 Financial Statements which have been prepared in Canadian Dollars unless otherwise noted, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. 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 October 15, 2014 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 AND HISTORY 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 22, 2011, RHC filed a National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") technical report entitled "Technical Report on the Preliminary Economic Assessment of the Farim Phosphate Project, Guinea-Bissau" prepared by IMC Group Consulting Limited with an effective date of February 10, 2011 (the "**PEA**"). The purpose of this PEA was to provide a preliminary assessment of the Farim Project, which would also be used for the listing of the Company on the TSXV in connection with the RTO Transaction (as defined below).

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 100% of the Farim Project, comprised of mining agreements and exploration licenses relating to a phosphate mineral property located in Guinea-Bissau.

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 13, 2012, the Company filed a NI 43-101 technical report entitled "Technical Report on the Preliminary Economic Assessment of the Direct Shipping Option of the Farim Phosphate Project, Guinea-Bissau" prepared by GBM Minerals Engineering Consultants Limited ("**GBMMEC**") and Golder Associates (U.K.) Ltd. ("**Golder**") and dated effective September 5, 2012 (the "**DSO PEA**") on SEDAR.

On January 17, 2013 the Company filed a new, single current NI 43-101 technical report for the feasibility study on the Farim Project entitled "Feasibility of the Beneficiated Phosphate Rock Concentrate of the Farim Phosphate Project, Guinea-Bissau" prepared by GBMMEC and Golder and dated effective December 19, 2012 (the "**Feasibility Report**"). The Feasibility Report superseded the previously filed NI 43-101 technical reports entitled "Feasibility of the Beneficiated Phosphate Rock Concentrate of the Farim Phosphate Project, Guinea-Bissau" and the "Feasibility Study of the Direct Shipping Option of the Farim Phosphate Project, Guinea-Bissau", each dated effective November 2, 2012 (the "**Previous Feasibility Reports**", and together with the Feasibility Report, the "**Feasibility Reports**").

As at the date of filing of each technical report by the Company, the authors thereof were independent of the Company and GBM AG. On August 30, 2013, GBMMEC became a shareholder of the Company holding more than 10% of the issued and outstanding Common Shares (refer to note 8 and note 12a of the Q4 Financial Statements).

Corporate

On September 19, 2013, GBMH Minerals (Barbados) Ltd. ("**GBMH Barbados**"), a wholly-owned subsidiary of GBM Holdings, was incorporated under the Companies Act of Barbados.

On October 31, 2013, GBMH Minerais, Unipessoal LDA ("**GBMH Unipessoal**"), a wholly-owned subsidiary of GBMH Barbados, was incorporated under the Commercial Registry of the Madeira Free Trade Zone.

On October 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 8 and note 12a of the Q4 Financial Statements, to request clarifications on GBMMEC's unpaid invoices (the "**Request for Clarifications**"). These invoices were issued in relation to a contract entered into on January 18, 2010 between GBM Holdings and GBMMEC for the provision by GBMMEC of engineering consultancy services for the Farim Project (the "**GBMMEC Services Agreement**"). To date, the Company has not received a response to the Request for Clarifications. On January 7, 2014, the Company announced that GBMMEC had issued a claim against GBM Holdings before the courts of England to obtain payment of an amount totalling £594,019 plus interest and costs, for unpaid professional fees invoiced during the period from March 2013 to September 2013 under the GBMMEC Services Agreement. On March 21, 2014, GBM Holdings filed a defence and counterclaim seeking damages arising out of GBMMEC's breaches of the GBMMEC Services Agreement and the return of historical payments made in respect of apparently incorrect and/or unsubstantiated invoices. GBM Holdings intends to continue to defend the claim and pursue the counterclaim. Although a proceedings calendar is yet to be established by the courts, it is expected that the trial will not take place before the autumn of calendar year 2015.

On January 21, 2014, the Company announced that Mr. Luis da Silva, previously a non-executive director of the Company, had been appointed President and Chief Executive Officer of the Company with immediate effect. Concurrently with this appointment, Mr. Owen Ryan, who had overseen the restructuring of the group over the previous 12 months, stepped down from his role as Interim President and Interim Chief Executive Officer of the Company. Mr. Owen Ryan remains Chairman of the Company.

On February 20, 2014, the Company announced the appointment of Mr. Brent de Jong and Mr. Robert Edwards to the Board with immediate effect.

On May 20, 2014, all the resolutions proposed at the annual general meeting of the shareholders of the Company (the "**AGM**") were duly passed. At the AGM, Messrs. Owen Ryan, Luis da Silva, Walter Davidson, Kirill Zimin, Brent de Jong, and Robert Edwards were elected to the Board and SF Partnership LLP, Chartered Accountants, was appointed as auditor of the Company.

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 and surrounded by an exploration license, both granted by the Government of Guinea-Bissau to the Company's wholly owned subsidiary, GBM AG.

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. Based upon the information in the Feasibility Report, it is estimated to contain measured resources of 64.6 Mt at an average grade of 29.11% P_2O_5, indicated resources of 28.1 Mt at an average grade of 27.68 P_2O_5 and inferred resources of 18.3 Mt at an average grade of 28.66% P_2O_5. The Farim Project has a 25 year mining plan for a run of mine of 32.5 Mt at 30.4% P_2O_5 @ 4.5% Fe_2O_3 and 2.5% Al_2O_3 producing 25 Mt at a rate of 1 Mt per year beneficiated phosphate rock concentrate having an average grade of 33.1% P_2O_5 @ 1.6% Fe_2O_3 and 1.4% Al_2O_3, and total proven and probable reserves of 33.0 Mt (dry) with an average run of mine P_2O_5 grade of 30.4%.

The Company has already been granted a production license in relation to the Farim Project and is planning a two-phased development as an open pit mining operation. It is expected the first phase will consist of a 1.0 Mt per year beneficiated phosphate rock concentrate and, the second phase, of the production of 2.0 Mt per year of phosphate rock concentrate and shall include a beneficiation plant and associated infrastructure, and a direct ship loading facility.

Summary of Mineral Resources (as of December 19, 2012)*

Classification	**Tonnes ('000)**	**Grade (% P_2O_5)**
Measured Resource	64,600,000	29.11
Indicated Resource	28,100,000	27.68
Total Measured and Indicated	**92,600,000**	**28.68**
Inferred	18,300,000	28.66

**Source Feasibility Report dated effective December 19, 2012. Pursuant to NI 43-101, the Company cautions that mineral resources that are not mineral reserves do not have demonstrated economic viability.*

Operations Update on the Farim Project

Feasibility Studies

On January 17, 2013 the Company announced the filing of the Feasibility Report which supersedes all previously filed technical reports.

The Feasibility Report states the following economic results: an undiscounted pre-tax cash flow totalling US$1.526 billion over a 25 year mine life and US$1.220 billion on a post-tax basis; pre-tax operating cash flows averaging US$67.69 million per year and US$55.42 million per year post-tax; simple payback of the pre-production capital investment to be achieved after approximately two years of operation on a pre-tax and post-tax basis; an internal rate of return of 38% pre-tax compared to 36% post-tax; and a project net present value of US$208 million pre-tax compared to US $175 million post-tax (at a discount rate of 15%).

The authors of the Feasibility Report have recommended that the Company and GBM AG continue to advance the Farim Project for beneficiated phosphate rock production to the engineering design and construction stages and to seek the necessary project financing and off-take agreements.

The Company has performed an assessment of the Feasibility Report and the Company is commissioning additional work on the Feasibility Report (the "**Additional Work**") and possibly look at more effective and efficient means of processing and transporting the product for shipment. The Company received a number of proposals from world class engineering firms to complete the Additional Work and subsequently made the decision to engage Lycopodium Minerals Ltd. ("Lycopodium"), which has a proven track record of delivering projects on time and on budget, including projects in West Africa of scale similar to that of the Farim Project, to conduct the Additional Work and continue to move the Farim Project towards its construction and production phases.

With respect to the transport of the ore product to customers, the Feasibility Report envisaged the use of barges along the Cacheu River and into the Atlantic Ocean where the product would be loaded onto ships at a transshipping station. In light of the construction of a road connecting Bissau to the banks of the Cacheu River which is located across the river and in close proximity to the project site, as part of the Additional Work, consideration will be given to a new transport option that will include the use of a pontoon system to ferry haul trucks across the river. These trucks will then transport the ore product along the newly constructed road. This option will also require the construction of an additional road of approximately 6 kilometres in length to connect the main haul route to the Ponta Chugue, at the mouth of the Geba river. At the Ponta Chugue, the ore product would be loaded onto shipping vessels.

Furthermore, consideration will be given to the requirements to build a port for ship loading at this location. The recently completed test work has indicated that a revised treatment process could produce a high grade, premium product with a P_2O_5 content of 36%. The test work also indicates that it is possible to process the phosphate ore without having to resort to the more costly grinding and magnetic separation techniques. As part of the Additional Work, the process and plant design will be revised to reflect these finding. In addition to the above, it is expected Lycopodium will undertake a review of the mine to identify any further cost reductions.

Environmental Social Impact Assessment

The environmental baseline studies required to advance the Farim Project have been completed. These studies provide the information previously identified as work in progress and necessary to complete the Environmental Social Impact Assessment (the "**ESIA**") to Equator Principle and World Bank standards including IFC performance standards 1-8 2012. The baseline studies were principally an extension of past environmental work that included river ecology and morphology for both the wet and dry seasons. Other baseline studies included soil and land use, surface water, ground water and terrestrial ecology. The second round of public consultation was completed successfully as planned. It is expected the ESIA will be submitted to the Ministry of Natural resources and Energy of Guinea-Bissau during the fourth quarter of calendar year 2014.

Mineral Rights Expenditures and Balances

	Farim Project
Balance as at June 30, 2012	$ 73,045,069
Additions - capitalized exploration expenditures	9,374,463
Acquisition of remaining 49.9% of GBM AG on April 4, 2013	7,014,056
Write-off/impairment of the intangible asset net of purchase consideration	(18,253,131)
Foreign exchange adjustments	(47, 388)
Change in future tax liability	(2,550,038)
Balance as at June 30, 2013	$ 68,583,031
Additions - capitalized exploration expenditures	3,145,353
Foreign exchange adjustments	54,374
Balance as at June 30, 2014	**$ 71,782,758**

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

As at June 30, 2014, the Company had a negative working capital of $22,377,755 (June 30, 2013 - $13,661,572) and reported a deficit of $4,871,967 for the year ended June 30, 2014 (June 30, 2013 - $21,553,191).

Operating and Administrative Expenses	**Three Months Ended June 30, 2014**	**Three Months Ended June 30, 2013**	**Year Ended June 30, 2014**	**Year Ended June 30, 2013**
Interest expense (income)	$ 356,337	$ 407,016	$ 1,731,680	$ 704,359
Management and consulting fees	404,842	166,206	1,710,485	801,111
Loss on foreign exchange	816,829	255,869	1,346,957	(50,438)
Professional fees (audit and legal)	354,094	234,301	776,206	653,106
Stock options compensation	134,124	5,412	584,577	91,541
General and administrative	113,490	145,772	525,083	539,348
Travel	74,406	62,640	285,891	282,716
Salaries and wages	63,424	43,491	241,670	222,252
Investor relations	80,431	(17,119)	203,987	117,120
Director fees	29,000	32,000	123,333	121,400
Social development costs	917	-	92,345	-
Filing and transfer agent fees	10,585	8,952	35,578	43,602
Impairment of equipment (note 5)	97	-	9,790	-
Amortization	739	1,138	2,872	4,909
Finders' fees	-	3,500	-	25,000
Financial advisory	(209,620)	8,013	(199,797)	247,460
Total Operating and Administrative Expenses	**$ 2,229,695**	**$ 1,357,191**	**$ 7,470,657**	**$ 3,803,486**
Other Loss (income)				
Impairment of intangible assets on previously held equity interest	$ -	$ 18,253,131	$ -	$ 18,253,131
Loss (Gain) on debt settlement	(2,598,690)	(503,426)	(2,598,690)	(503,426)
Total Other Loss	**$(2,598,690)**	**$ 17,749,705**	**$(2,598,690)**	**$ 17,749,705**
Other Comprehensive Loss				
Currency translation differences	$ (121,639)	$ 119,466	$ 145,486	$ 177,770
Total Other Comprehensive Loss	**$ (121,639)**	**$ 119,466**	**$ 145,486**	**$ 177,770**
Comprehensive Loss	**$ (490,634)**	**$ 19,226,362**	**$ 5,017,453**	**$ 21,730,961**

For the three months ended June 30, 2014

The Company's comprehensive loss / <income> for the three months ended June 30, 2014 was <$490,634> (June 30, 2013 - $19,226,362). Administration and general expenses totalled $113,490 (June 30, 2013 - $145,772). General and administrative expenses decreased slightly as compared with the prior comparative quarter. Management and consulting fees amounted to $404,842 (June 30, 2013 – $166,206). Management and consulting fees increased compared with the prior comparative quarter, mainly due to the hiring of the Company's Vice President of Operations and other consultants for the quarter ended June 30, 2014. Stock options compensation totalled $134,124 (June 30, 2013 - $5,412) for stock options vested for the quarter ended June 30, 2014. Professional fees (audit and legal) increased significantly to $354,094 (June 30, 2013 - $234,301) as compared with the prior comparative quarter due to the engagement in litigation against GBMMEC. Interest expense totalled $356,337 (June 30, 2013 - $407,016) as the Company has interest expense associated with the debt payable, convertible debentures and promissory notes in the current quarter as compared with the prior comparative quarter. Investor relations expenses totalled $80,431 (June 30, 2013 - <$17,119>) as the Company purchased and subscribed for phosphate rock marketing data as compared to prior comparative quarter. Loss on foreign exchange totalled $816,829 (June 30, 2013 – $255,869) due to unfavourable fluctuations in the value of Canadian dollar as mainly compared to the British Pound, in which the Company has a significant portion of its accounts payable and accrued liabilities balance payable, and debt payable in the current quarter. The loss on foreign exchange is also affected by the unfavourable fluctuations 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 year ended June 30, 2014

The Company's comprehensive loss for the year ended June 30, 2014 was $5,017,453 (June 30, 2013 - $21,730,961). Social develoment costs amounted to $92,345 (June 30, 2013 - $Nil) due to the initiation by GB Mineraïs SARL, the Company's wholly-owned Guinea-Bissau subsidiary, of a social program which included drilling for new water wells and refurbishing existing wells for the villages in Farim and adjacent area. Administration and general expenses totalled $525,083 (June 30, 2013 - $539,348). General and administrative expenses decreased slightly as compared with the prior comparative year. Management and consulting fees amounted to $1,710,485 (June 30, 2013 – $801,111). Management and consulting fees increased significantly as compared with the prior comparative year, mainly due to the retention of a recruitment agency for the hiring of the Company's Vice President of Operations and other consultants, which was in addition to the monthly consultants' fees paid to the Vice President of Operations and other consultants. Management and consulting fees for the year ended June 30, 2014 also include annual bonuses paid out in the amount of $35,417 for calendar year 2013, a one-off signing bonus accrued for an officer and director of the Company in the amount of $92,150 (£50,000), and $234,000 of non-cash expense on compensation for services paid in the form of common shares to a director of the Company. Stock Options compensation totalled $584,577 (June 30, 2013 - $91,541) for Stock Options vested during the year ended June 30, 2014. Professional fees (audit and legal) increased significantly to $776,206 (June 30, 2013 - $653,106) as compared with the prior comparative year due to the engagement in litigation against GBMMEC. Interest expense totalled $1,731,680 (June 30, 2013 - $704,359) as the Company has interest expense associated with the debt payable, convertible debentures and promissory notes in the current year as compared with the prior comparative year. Investor relations expenses totalled $203,987 (June 30, 2013 - $117,120) as the Company purchased and subscribed for phosphate rock marketing data as compared to prior comparative year. Loss on foreign exchange totalled $1,346,957 (June 30, 2013 – <$50,438>) due to unfavourable fluctuations in the value of Canadian dollar as mainly compared to the British Pound, in which the Company has a significant portion of its accounts payable and accrued liabilities balance payable, and debt payable in the current year. The loss on foreign exchange is also affected by the unfavourable fluctuations in the value of the Canadian dollar against the Swiss Franc and the Central African Franc in the current year as compared with the prior comparative year.

RESULTS OF FINANCIAL POSITION

The Company's total assets as at June 30, 2014 amounted to $72,330,589 (June 30, 2013 - $68,939,783). The Company has funds held in trust in the amount of $1,249 (June 30, 2013 - $Nil) and cash and cash equivalents of $351,525 (June 30, 2013 - $175,122) as at June 30, 2014. Funds held in trust and cash and cash equivalent increased with the receipt of proceeds from the issuance of convertible debentures and promissory notes during the year ended June 30, 2014. As at June 30, 2014, mineral rights totalled $71,782,758 (June 30, 2013 - $68,583,031), which included the addition of capitalization of exploration expenditures and its associated foreign exchange adjustments for the year ended June 30, 2014.

The Company's total liabilities as at June 30, 2014 amounted to $29,839,489 (June 30, 2013 - $26,819,260). The increase in total liabilities was mainly due to the principal owned and interest expense accrued in association with the debt payable, convertible debentures and promissory notes as described in note 7, 8, and 9 of the Q4 Financial Statements.

The Company's total shareholders' equity as at June 30, 2014 was $42,491,100 (June 30, 2013 - $42,120,523). For the year ended June 30, 2014, the increase of the total shareholders' equity was due to the net loss of $4,871,967 (June 30, 2013 - $21,553,191) and other comprehensive loss of cumulative translation reserve in the amount of $145,486 (June 30, 2013 - $117,356), off-set by an increase of $4,616,315 in share capital (June 30, 2013 - $7,433,626), additional convertible features of the convertible debentures closed on March 18, 2014 in the amount of $187,138 (June 30, 2013 - $292,865) and an increase of $584,577 in share-based reserve of Stock Options (June 30, 2013 - $91,541).

RESULTS OF CASH FLOW

The Company's ending cash and cash equivalents as at June 30, 2014 amounted to $351,525 (June 30, 2013 - $175,122). The net cash outflow from operating activities in the amount of $2,079,202 for the year ended June 30, 2014 was compared with the net cash outflow of $1,085,302 for the prior comparative year, in which the increase was due to a combination of net loss of $4,871,967 (June 30, 2013 - $21,553,191) and changes in non-cash working capital of $1,824,816 (June 30, 2013 - $1,952,383), off-set by the adjustments for non-cash items in the amount of $967,949 (June 30, 2013 - $18,515,506). For the year ended June 30, 2014, the net cash outflow from investing activities in the amount of $3,146,602 (June 30, 2013 - $8,440,410) was due to the outflow to funds held in trust and addition of capitalization of exploration expenditures for the year ended June 30, 2014. For the year ended June 30, 2014, the net cash inflow from financing activities in the amount of $5,401,297 (June 30, 2013 - $9,684,837) included proceeds from promissory notes, common shares and convertible debentures issued during the year.

Financial results for the years ended June 30, 2014, 2013, and 2012:

	2014	**2013**	**2012**
Revenue	$Nil	$Nil	$Nil
Total net loss	$ 4,871,967	$21,553,191	$4,267,801
Total net loss per share (basic and diluted)	$0.08	$0.89	$0.23
Total assets	$72,330,589	$68,939,783	$74,449,265
Total long-term liabilities	$7,009,066	$12,939,214	$9,543,233
Total liabilities	$29,839,489	$26,819,260	$18,415,813
Shareholders' equity (deficiency)	$42,491,100	$42,120,523	$56,033,452
Cash dividends per share	$Nil	$Nil	$Nil

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

Quarter ended	**Total revenue**	**Net loss (income)**	**Basic and diluted loss per share**
June 30, 2014	$Nil	<$368,993>	<$0.01>
March 31, 2014	$Nil	$1,776,670	$0.03
December 31, 2013	$Nil	$1,779,518	$0.03
September 30, 2013	$Nil	$1,684,772	$0.03
June 30, 2013	$Nil	$19,106,897	$0.76
March 31, 2013	$Nil	$898,915	$0.05
December 31, 2012	$Nil	$920,203	$0.05
September 30, 2012	$Nil	$627,176	$0.03

OFF BALANCE-SHEET ARRANGEMENTS

The Company has no off balance-sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended June 30, 2014, the Company had negative working capital of $22,377,755 (June 30, 2013 - $13,661,572) and net loss of $4,871,967 (June 30, 2013 - $21,553,191).

GBMMEC prepared the Feasibility Report in relation to the Farim Project. As of June 30, 2014, the Company has been charged on pre-exploration costs of $1,219,086 (£667,590) and mineral property costs of $18,360,771 (£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, as described in note 8 and note 12a of the Q4 Financial Statements, to request clarifications on GBMMEC's unpaid invoices. These invoices were issued under the GBMMEC Services Agreement. To date, the Company has not received a response to the Request for Clarifications. The Company has withheld payment of its first quarterly instalment to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defence and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the GBMMEC Services Agreement. As a result of withholding payment, as at June 30, 2014, the Company is in default on the first quarterly principal instalment in the amount of $1,141,313 (£625,000) of its debt payable, as described in note 8 and note 12a of the Q4 Financial Statements.

As at June 30, 2014, the Company had outstanding secured convertible debentures as described in note 9 of the Q4 Financial Statements with a total aggregate principal amount of $4,650,000 bearing interest at 10% per annum and conversion price of $0.20 per Common Share, and of which $2,000,000 of the principal carry a maturity date of March 31, 2015; and the remaining all or part of $2,650,000 of the principal carries an extended maturity date of September 5, 2014, with all accrued and unpaid interest due and payable in full on the maturity dates.

As at June 30, 2014, the Company had outstanding promissory notes as described in note 7 of the Q4 Financial Statements with a total aggregate principal amount of $2,750,000 bearing interest at 15% per annum with an extended maturity date of September 5, 2014.

The Company has committed $23,481 (June 30, 2013 – $13,045) to future minimum payments as at June 30, 2014 under a renewed Canadian operating service agreement on the rental of an office space located at #1500 – 701 West Georgia Street, Vancouver, BC.

The Company actively monitors its liquidity to ensure at its best effort that its cash flows and working capital are adequate to support its immediate financial obligations and capital programs. However, there is risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available, and the Company may not be able to raise financing of sufficient magnitude, or on a cost-effective basis. The failure of the Company to raise further financing would limit the ability of the Company to advance its business plan and carry on current activities. 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 January 15, 2013, the Company closed the first tranche of its non-brokered private placement (the "Private Placement") of senior secured convertible debentures (the "Debentures") of the Company for gross proceeds of $1,000,000. The Debentures have a face value of $1,000, each bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures all rank pari passu in priority among each of them and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2014. As at June 30, 2014, the parties agreed to extend the maturity date of $1,000,000 of the first tranche convertible debentures as described in note 9a of the Q4 Financial Statements to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On February 6, 2013, the Company closed the second tranche of its non-brokered private placement (the "Private Placement") of senior secured convertible debentures (the "Debentures") of the Company for gross proceeds of $500,000. The Debentures have a face value of $1,000, each bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures all rank pari passu in priority among each of them and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2014. On July 16, 2013, $100,000 of the second tranche convertible debentures as described in note 9b of the Q4 Financial Statements was re-registered to an existing shareholder of the Company. The terms and conditions of these re-registered convertible debentures remain the same as described in note 9b of the Q4 Financial Statements. As at June 30, 2014, the maturity date of $100,000 of these re-registered convertible debentures was being extended to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014. As at June 30, 2014, the parties agreed to extend the maturity date of $400,000 of the second tranche convertible debentures as described in note 9b above to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014, in exchange for the Company paying the second tranche debenture holder a total aggregate of $100,000 principal owing on the second tranche debenture by April 4, 2014 (or as soon as reasonably possible after the Company receives payment instructions from the debenture holder). The Company repaid principal amounts of $100,000 on April 1, 2014.

On March 22, 2013, the Company closed the third tranche of its non-brokered private placement (the "Private Placement") of senior secured convertible debentures (the "Debentures") of the Company for gross proceeds of $430,000. The Debentures have a face value of $1,000, each bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures all rank pari passu in priority among each of them and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2014. The Company paid a finder's fee of $21,500 in connection with the Private Placement. As at June 30, 2014, the parties agreed to extend the maturity date of $430,000 of the third tranche convertible debentures as described in note 9c of the Q4 Financial Statements to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014, in exchange for the Company paying the third tranche debenture holder a total aggregate of $215,000 principal owing on the third tranche debenture, plus an additional fee of $10,000 in connection with the consent of the extension by April 4, 2014 (or as soon as reasonably possible after the Company receives payment instructions from the debenture holder). The Company repaid principal amounts of $215,000 plus a fee of $10,000 for consent of the extension on April 7, 2014.

On April 4, 2013, the Company closed the final tranche of its non-brokered private placement (the "Private Placement") of senior secured convertible debentures (the "Debentures") of the Company for gross proceeds of $1,070,000. The Debentures have a face value of $1,000, each bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures all rank pari passu in priority among each of them and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2014. The Company paid finder's fee of $3,500 in connection with this final tranche of the Private Placement. As at June 30, 2014, the parties agreed to extend the maturity date of $1,000,000 of the final tranche convertible debentures as described in note 9d of the Q4 Financials Statements to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

The $3,000,000 convertible debentures closed on January 15, February 6, March 22, and April 4, 2013 listed above have the following terms: every $1,000 principal amount of the Debentures is convertible at any time, into common shares of the Company at a conversion price of $0.20 per common share. Security for the Debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to meet certain restructuring requirements pursuant to the terms of the Debentures on March 31, 2013, respectively, or fails to pay the principal amount of the Debentures when they become due and payable. The Debentures were subject to a statutory four-month hold period from the date of issuance.

On August 26, 2013, the Company settled an aggregate $48,025 owed to a creditor for advisory services provided to the Company, by issuing 120,063 Common Shares at a deemed price of $0.40 per Common Share. The Common Shares issued were subject to a four month holding period from the date of issuance.

On August 28, 2013, the Company closed a non-brokered private placement of 15,000,000 Common Shares at a price of $0.20 per Common Share and raised aggregate gross proceeds of $3,000,000 (the "**Share Placement**"). The Common Shares were purchased by Aterra Investments Limited ("**Aterra**"), a shareholder of the Company, who upon closing of the Share Placement, owned an aggregate of 47.4% of the issued and outstanding Common Shares. The proceeds of the Share Placement have been used towards property payments on the Farim Project and related in-country expenses in Guinea-Bissau, and for additional working capital. The Common Shares were subject to a four-month hold period from the date of issuance. Subsequent to the closing of the Share Placement, Aterra's holding in the Company was diluted, and as at June 30, 2014 and October 15, 2014, Aterra owned an aggregate of 39.2% and 54.8% respectively of the issued and outstanding Common Shares.

Further to its news release of August 6, 2013 and pursuant to the Settlement Deed, the Company proceeded to issue to GBMMEC, on August 30, 2013, 9,000,000 Common Shares (the "**Debt Settlement Shares**") at a price of $0.40 per Common Share. Upon the issue of the Debt Settlement Shares, GBMMEC owned an aggregate of 14.06% of the issued and outstanding Common Shares. The Debt Settlement Shares were issued subject to a four-month hold period and will be locked up for a period of 21 months in accordance with the lock-up agreement between the Company and GBMMEC dated August 30, 2013, wherein 2.25 million Common Shares will be subject to a 12-month lock-up period, 2.25 million Common Shares will be subject to a 15-month lock-up period, 2.25 million Common Shares will be subject to a 18-month lock-up period, and 2.25 million Common Shares will be subject to a 21-month lock-up period (refer to note 8 and note 12a of the Q4 Financial Statements). Subsequent to the issue of the Debt Settlement Shares, GBMMEC's holding in the Company as set out above was diluted, and as at June 30, 2014 and October 15, 2014, GBMMEC owned an aggregate of 13.6% and 4.2% respectively of the issued and outstanding Common Shares.

On September 26, 2013, the Company issued a note payable for a total aggregate amount of $500,000 to Aterra in exchange for a promissory note (the "**September 2013 Promissory Note**"). The principal amount is matured and due on demand provided that no demand for payment may be made until the earlier of (i) April 30, 2014 unless the Company is able to raise a minimum of $3,000,000 in equity financing prior to April 30, 2014 and (ii) the occurrence of an event of default on convertible debentures of the Company previously issued to Aterra on April 4, 2013. In accordance with the provisions of the September 2013 Promissory Note the principal amount shall remain outstanding and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on October 1, 2013). As at June 30, 2014, Aterra has agreed to extend the maturity date of the September 2013 Promissory Note to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On October 5, 2013, the Company settled an aggregate $200,000 in connection with advisory work related to project financing provided to the Company by issuing 500,000 Common Shares at a deemed price of $0.40 per Common Share. The Common Shares issued were subject to a four month holding period.

On November 12, 2013, the Company issued a note payable for a total aggregate amount of $750,000 to Aterra in exchange for a promissory note (the "**November 2013 Promissory Note)**. The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) April 30, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the November 2013 Promissory Note, the principal amount shall remain outstanding and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2014). As at June 30, 2014, Aterra has agreed to extend the maturity date of the November 2013 Promissory Note to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On December 13, 2013, the Company issued a note payable for a total aggregate amount of $750,000 to Aterra in exchange for a promissory note (the "**December 2013 Promissory Note**"). The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) June 30, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the December 2013 Promissory Note, the principal amount shall remain outstanding and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2014). As at June 30, 2014, Aterra has agreed to extend the maturity date of the December 2013 Promissory Note to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On February 7, 2014, the Company issued a note payable for a total aggregate amount of $500,000 to Aterra in exchange for a promissory note (the "**February 2014 Promissory Note**"). The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) August 7, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the February 2014 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 first day of each January, April, July, and October (beginning on April 1, 2014). The February 2014 Promissory Note, plus interest, was repaid by the Company in March 2014.

On March 18, 2014, the Company closed a non-brokered private placement of senior secured convertible debentures (the "**Debentures**") of the Company for gross proceeds of $2,000,000 issued to Aterra and Alpha Infrastructure LLC ("**Alpha**"), both shareholders of the Company (the "**Debenture Placement**"). Each Debenture issued under the Debenture Placement has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures rank pari passu in priority with all other convertible debentures from time to time issued by the Company, including certain previously issued convertible debentures, and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2015. Every $1,000 principal amount of the debentures is convertible at any time, into Common Shares at a conversion price of $0.20 per Common Share. Security for the Debentures shall become enforceable upon the occurrence of certain events of default, which will include, among other things, if the Company fails to pay the principal amount of the Debentures when they become due and payable.

On June 3, 2014, the Company issued a note payable for a total aggregate amount of $500,000 to Aterra in exchange for a promissory note (the "**June 2014 Promissory Note Aterra**"). The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) December 3, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013 and March 18, 2014. In accordance with the provisions of the June 2014 Promissory Note Aterra, 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 first day of each January, April, July, and October (beginning on April 1, 2014).

On June 3, 2014, the Company issued a note payable for a total aggregate amount of $250,000 to Alpha in exchange for a promissory note (the "**June 2014 Promissory Note Alpha**"). The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) December 3, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Alpha on April 4, 2013 and March 18, 2014. In accordance with the provisions of the June 2014 Promissory Note Alpha, 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 first day of each January, April, July, and October (beginning on April 1, 2014).

Subsequent Events

On September 2, 2014, the Company announced that it closed a non-brokered private placement of 136,367,945 Common Shares at a price of $0.075 per Common Share and raised aggregate gross proceeds of $10,227,596. These Common Shares, which are subject to a four month hold period from the date of issuance, were purchased by various existing shareholders of the Company. It was expected the net proceeds of this non-brokered private placement would be for expenses and development of the Company's Farim phosphate mineral property, to meet the Company's financialobligations and operations commitments, funding litigation as against GBM Minerals Engineering Consultants Limited and for additional working capital.

On September 8, 2014, the Company announced that it had paid and retired all outstanding convertible debentures and promissory notes totalling $8,205,316 in accordance with the terms of such debt obligations. The Company repaid convertible debentures in the principal amount of $3,100,000 and its accrued interests of $364,274 to Aterra; $1,000,000 in principal amount and its accrued interests of $46,849 to Alpha; $300,000 in principal amount and its accrued interest of $63,205 to Amabro Investments Ltd.; $215,000 in principal amount and its accrued interests of $53,779 to Sputnick Limited; and $35,000 in principal amount and its accrued interests of $8,544 to Conista Holdings Limited (refer to Note 9 of the Q4 Financial Statements). The Company repaid promissory notes in the principal amount of $2,500,000 and its accrued interests of $259,315 to Aterra, and $250,000 in principal amount and its accrued interests of $9,349 to Alpha (refer to note 7 of the Q4 Financial Statements).

On October 1, 2014, the Company announced that it had settled an aggregate $752,059 in outstanding debt owed to creditors in connection with consulting and advisory services previously provided to the Company and to former and current directors of the Company for their outstanding directors' fees, by issuance of a total of 10,027,454 Common Shares at $0.075 per Common Share. These Common Shares are subject to a four-month holding period from the date of issuance.

RELATED PARTY BALANCES AND TRANSACTIONS

For the year ended June 30, 2014, the Company paid or accrued management and consulting fees (including bonuses) of $316,000 (June 30, 2013 - $255,000) to a director of the Company; $323,150 (June 30, 2013 - $Nil) to an officer and director of the Company; $265,983 (June 30, 2013 - $Nil) to an officer of the Company of which $79,795 (June 30, 2013 - $Nil) was included in the capitalization of exploration expenditures; $130,000 (June 30, 2013 - $77,500) to Artisan Consulting Ltd, a company controlled by an officer of the Company; and $26,306 (June 30, 2013 - $Nil) to De Jong Capital LLC, a company controlled by a director of the Company.

For the year ended June 30, 2014, the Company issued 1,800,000 Common Shares at $0.13 per Common Share for an aggregate value of $234,000 (June 30, 2013 - $Nil) to a director of the Company in consideration of services provided pursuant to a consulting agreement dated January 30, 2013. In addition, for the year ended June 30, 2014, the Company issued to its directors, officer and consultants non-cash stock-based compensation in the fair value of $562,920 (June 30, 2014 - $91,541).

For the year ended June 30, 2014, the Company expensed interest of $620,530 (June 30, 2013 - $137,933) to Aterra Investments Ltd., a shareholder of the Company, on the note payable described in note 7 and convertible debentures described in notes 9a, 9b, 9d and 9f of the Q4 Financial Statements, and of which $422,026 (June 30, 2013 - $76,028) for the year ended June 30, 2014 were included in accounts payable and accrued liabilities as at June 30, 2014.

For the year ended June 30, 2014, the Company expensed interest of $56,703 (June 30, 2013 - $Nil) to Alpha, a shareholder of the Company, on the convertible debentures described in notes 9f of the Q4 Financial Statements, and of which $30,959 (June 30, 2013 - $Nil) for the year ended June 30, 2014 were included in accounts payable and accrued liabilities as at June 30, 2014.

On August 28, 2013, the Company closed the Share Placement and raised aggregate gross proceeds of $3,000,000. The Shares were purchased by Aterra. Upon closing of the Share Placement, Aterra owned an aggregate of 47.4% of the issued and outstanding Common Shares. The proceeds of the Share Placement have been used towards property payments on the Farim Project and related in-country expenses in Guinea-Bissau, and for additional working capital. The Common Shares issued under the Share Placement were subject to a four-month hold period from their date of issuance. Subsequent to the closing of the Share Placement, Aterra's holding in the Company was diluted, and as at June 30, 2014 and October 15, 2014, Aterra owned an aggregate of 39.2% and 54.8% respectively of the issued and outstanding Common Shares.

On September 26, 2013, the Company issued the September 2013 Promissory Note to Aterra Investments Ltd. The principal amount of $500,000 is matured and due on demand provided that no demand for payment may be made until the earlier of (i) April 30, 2014 unless the Company is able to raise a minimum of $3,000,000 in equity financing prior to April 30, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the September 2013 Promissory Note, the principal amount shall remain outstanding and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on October 1, 2013). The proceeds of the September 2013 Promissory Note have been used to provide short-term immediately required additional working capital. As at June 30, 2014, the Aterra has agreed to extend the maturity date of the September 2013 Promissory Note to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On November 12, 2013, the Company issued the November 2013 Promissory Note to Aterra Investments Ltd. The principal amount of $750,000 is matured and due on demand provided that no demand for payment may be made until the earlier of (i) April 30, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the November 2013 Promissory Note, the principal amount shall remain outstanding and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2014). The proceeds of the November 2013 Promissory Note have been used to provide short-term immediately required additional working capital. As at June 30, 2014, Aterra has agreed to extend the maturity date of the November 2013 Promissory Note to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On December 13, 2013, the Company issued the December 2013 Promissory Note to Aterra. The principal amount of $750,000 is matured and due on demand provided that no demand for payment may be made until the earlier of (i) June 30, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the December 2013 Promissory Note, the principal amount shall remain outstanding and bear an interest at the rate of 15% per annum. Interest shall be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2014). The proceeds of the December 2013 Promissory Note have been used to provide short-term immediately required additional working capital. As at June 30, 2014, Aterra has agreed to extend the maturity date of the December 2013 Promissory Note to September 5, 2014, with all accrued and unpaid interest due and payable in full on September 5, 2014.

On January 15, 2014, Alpha became a significant shareholder of the Company pursuant to a private sale and purchase of Common Shares transaction with WAD (the "**Share Transaction**"). As a result of the Share Transaction, Alpha became the owner of 14,339,446 Common Shares. In connection with the Share Transaction, Mr. Leonce Aspelin resigned as a director of the Company and from other positions with the subsidiaries of the Company. In addition, the Company issued a promissory note in the amount of $119,450 (CHF 100,000) jointly to Leonce Aspelin and Roland Penetsdorfer for the sole purpose of settling various accounts payable items and accrued liabilities of GBM AG as at December 31, 2013 (the "**WAD Promissory Note**"). In accordance with the provision of the WAD Promissory Note, the principal amount bears no interest and shall be due and payable on its maturity date, which is the earlier of (i) the date that the Company receives its next financing; and (ii) June 30, 2014; provided however, that $59,725 (CHF 50,000) of the principal amount shall not, in any event, become due and payable until such time as the Company has received all of the information and documentation required to be provided by Geologie Exploitation Environment Expertise Mine ("**GEEM**"). The WAD Promissory Note was repaid by the Company in March 2014.

On February 7, 2014, the Company issued the February 2014 Promissory Note to Aterra. The principal amount of $500,000 is matured and due on demand provided that no demand for payment may be made until the earlier of (i) August 7, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013. In accordance with the provisions of the February 2014 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 first day of each January, April, July, and October (beginning on April 1, 2014). The proceeds of the February 2014 Promissory Note have been used to provide short-term immediately required additional working capital. The February 2014 Promissory Note was repaid in March 2014.

On March 18, 2014, the Company closed the Debenture Placement. The Debentures were issued to Aterra. and Alpha for gross proceeds of $2,000,000. Each Debenture has a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures rank pari passu in priority with all other convertible debentures from time to time issued, including certain previously issued convertible debentures, and the principal amount and all accrued and unpaid interest is due and payable in full on March 31, 2015. Every $1,000 principal amount of the debentures is convertible at any time, into Common Shares at a conversion price of $0.20 per Common Share. The net proceeds of the Debentures have been used to repay some of the existed convertible debentures that matured on March 31, 2014, for expenses and development of the Farim Project, funding litigation against GBMMEC and for additional working capital.

On June 3, 2014, the Company issued a note payable for a total aggregate amount of $500,000 to Aterra in exchange for a promissory note (the "**June 2014 Promissory Note Aterra**"). The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) December 3, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Aterra on April 4, 2013 and March 18, 2014. In accordance with the provisions of the June 2014 Promissory Note Aterra, 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 first day of each January, April, July, and October (beginning on April 1, 2014). The proceeds of the June 2014 Promissory Note Aterra have been used to provide short-term immediately required additional working capital.

On June 3, 2014, the Company issued a note payable for a total aggregate amount of $250,000 to Alpha in exchange for a promissory note (the "**June 2014 Promissory Note Alpha**"). The principal amount is matured and due on demand provided that no such demand may be made until the earlier of (i) December 3, 2014 and (ii) the occurrence of an event of default on convertible debentures previously issued to Alpha on April 4, 2013 and March 18, 2014. In accordance with the provisions of the June 2014 Promissory Note Alpha, 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 first day of each January, April, July, and October (beginning on April 1, 2014). The proceeds of the June 2014 Promissory Note Alpha have been used to provide short-term immediately required additional working capital.

Subsequent Events

On September 2, 2014, the Company announced that it closed a non-brokered private placement of 136,367,945 Common Shares at a price of $0.075 per Common Share (the "**Placement Shares**") and raised aggregate gross proceeds of $10,227,596.. These Common Shares were purchased by various existing shareholders of the Company. As a result of this transaction and as at August 29, 2014, Aterra and Alpha owned an aggregate of 56.7% and 22.5% respectively of the issued and outstanding Common Shares.

On September 8, 2014, the Company announced that it had paid and retired all outstanding convertible debentures and promissory notes totalling $8,205,316 in accordance with the terms of such debt obligations. The Company repaid convertible debentures in the principal amount of $3,100,000 and its accrued interests of $364,274 to Aterra, and $1,000,000 in principal amount and its accrued interests of $46,849 to Alpha (refer to Note 9 of the Q4 Financial Statements). The Company repaid promissory notes in the principal amount of $2,500,000 and its accrued interests of $259,315 to Aterra, and $250,000 in principal amount and its accrued interests of $9,349 to Alpha (refer to note 7 of the Q4 Financial Statements).

On October 1, 2014, the Company announced that it had settled an aggregate of $752,059 in outstanding debt owed to creditors in connection with consulting and advisory services previously provided to the Company and to former and current directors of the Company for their outstanding directors' fees, by issuance of a total of 10,027,454 Common Shares at $0.075 per Common Share. As a result of this transaction and as at September 30, 2014, Aterra and Alpha owned an aggregate of 54.8% and 21.9% respectively of the issued and outstanding Common Shares.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, funds held in trust, other receivable, prepaid expense, bank indebtedness, accounts payable and accrued liabilities, notes payable, debt payable and convertible debentures. 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 17 of the Q4 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 JUDEMENTS

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of its financial position and operations and that require management to make judgements, assumptions and estimates in the application of IFRS. Judgments, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change. The Company's significant accounting policies can be found in note 2 of the Q4 Financial Statements and the audited annual consolidated financial statements for the year ended June 30, 2014. The Company believes the followings are the critical accounting estimates used in the preparation of the Q4 Financial Statements.

Use of Estimates

The preparation of the Q4 Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the Q4 Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates related to unsettled transactions and events as of the date of the Q4 Financial Statements. Accordingly, actual results may differ from these estimated amounts as future confirming events occur. Significant estimates used in the preparation of the Q4 Financial Statements include, but are not limited to, 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 on Stock Option reserves and Warrant reserves, recoverability of deferred tax assets, and provision for reclamation and rehabilitation.

Intangible assets: mineral rights

Under IFRS, the Company defers all cost relating to the acquisition and exploration of its mineral properties after the legal right to explore a property has been obtained, but before technical feasibility and commercial viability of the property has been established. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using unit-of-production method. The Company reviews the carrying value of its mineral properties for recoverability when events or changes in circumstances indicate that the properties may be impaired. If such a condition exists and the carrying value of a property exceeds the estimated net recoverable amount, provision is made for the impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "**cash-generating unit**" or "**CGU**"). The allocation of the Company's assets into CGU's requires judgement. A CGU recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Share-based payment – Options Reserve

The Company uses the fair value method, utilizing the Black-Scholes pricing model, for valuing stock options granted to directors, officers, consultants and employees of the Company. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-base payment reserve. Any consideration paid by employees on the exercise of Stock Options or purchase of Common Shares is credited to share capital plus the amounts originally recorded as share-base payment reserve. The fair value of Stock Options is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the Stock Options, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Share-based payment – Warrants Reserve

The Company uses the fair value method, utilizing the Black-Scholes pricing model, for valuing Warrants. The fair value of Warrants is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the Warrants, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Income tax

The future income tax provision is based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years of differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets to the extent that it is more than likely that future income tax assets will not be realized. As a result, future earnings are subject to significant management judgement.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange for control of the acquiree. Transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interest.

NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The Company adopted the following standards and amendments issued by the International Accounting Standards Board, effective for its June 30, 2014 year-end:

International Accounting Standards		Effective Date
IAS 1 – Presentation of Financial Statements	In June 2011, the International Accounting Standard Board (IASB) issued an amendment to International Accounting Standard (IAS) 1, which requires entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The adoption of IAS 1 had no material impact on the consolidated financial statements.	January 1, 2013
IAS 27 – Separate Financial Statements	As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 28 has been amended to include joint ventures in its scope to address the changes in IFRS 10 to IFRS 13. The adoption of IAS 27 had no material impact on the consolidated financial statements.	January 1, 2013

International Accounting Standards		Effective Date
IFRS 10 – Consolidated Financial Statements	IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 had no material impact on the consolidated financial statements.	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of IFRS 12 had not material impact on the consolidated financial statements. The Company has provided the additional disclosures in note 15 of the Q4 Financial Statements.	January 1, 2013
IFRS 13 – Fair Value Measurement	IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at June 30, 2014.	January 1, 2013

International Accounting Standards		Effective Date
IFRIC 20 - Stripping Costs in the Production Phase of a Mine	IFRIC 20 clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) useable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted and includes guidance on translation for pre-existing stripping assets. The Company does not anticipate that IFRIC 20 will impact its results of operations or financial position until it enters the production phase.	January 1, 2013

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2014, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Accounting Standards		Effective Date
IAS 32 – Financial Instruments: Presentation	The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It focuses on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses, and gains; and the circumstances in which financial assets and financial liabilities should be offset. The principles in this Standard complement principles for recognizing and measuring financial assets and financial liabilities in IFRS 9, and for disclosing information about them in IFRS 7. Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32 to clarify the existing requirements for offsetting financial instruments in the balance sheet.	January 1, 2014

International Accounting Standards		Effective Date
IAS 27 – Separate Financial Statements IFRS 10 - Consolidated Financial Statements IFRS 12 - Disclosure of Interests in Other Entities	The objectives of the amendments include the followings: • Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement • Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries • Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated)	January 1, 2014
IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.	January 1, 2015

International Accounting Standards		Effective Date
IFRS 9 – Financial Instruments (Cont'd)	Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.	January 1, 2015
IAS 16 – Property, Plant, and Equipment IAS 38 – Intangible Assets	The IASB issued an amendments to IAS 16 and IAS 38, which clarify that a depreciation method that is based on revenue that that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.	January 1, 2016

International Accounting Standards		Effective Date
IFRS 15 – Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: • Identify the contract with the customer • Identify the performance obligations in the contract • Determine the transaction price • Allocate the transaction price to the performance obligations in the contracts • Recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	January 1, 2017

The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements; however, no material changes are expected.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

For the year ended June 30, 2014 and the comparative year ended June 30, 2013, the Company incurred the following costs and expenses:

	Year Ended June 30, 2014	**Year Ended June 30, 2013**
Capitalized exploration expenditures	$3,199,727	$9,327,075
Acquisition of remaining 49.9% of GB Minerals AG on April 4, 2013	-	$7,014,056
Write-off/impairment of the intangible asset net of purchase consideration	-	$(18,253,131)
Change in future tax liability	-	$(2,550,038)
Social development costs	$92,345	-
General and administrative expenses	$525,083	$539,348
Management and consulting fees	$1,710,485	$801,111
Stock Options compensation	$584,577	$91,541
Professional fees (audit and legal)	$776,206	$653,106
Interest expense	$1,731,680	$704,359

OUTSTANDING SHARE DATA

The Company has an unlimited number of Common Shares authorized for issuance without par value. As at June 30, 2014 and October 15, 2014, there were 66,425,117 and 212,820,516 Common Shares issued and outstanding, respectively; 4,432,000 incentive Stock Options outstanding, respectively. The Company had no Warrants outstanding as at June 30, 2014 and October 15, 2014. The fully diluted number of Common Shares as at June 30, 2014 and October 15, 2014 was 94,107,117 and 217,252,516 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 properties are in the exploration and development stage although reserves are disclosed in the 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.

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.

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.

While the Company currently does not have sufficient cash on hand to continue with its exploration and development programs for the immediate future, its immediate and long term continuance is dependent on obtaining sufficient external financing (predominantly through the issuance of equity and/or debt), to realize the recoverability of its investment in 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 the failure of the Company to raise further financing would limit the ability of the Company to advance its business plan and carry on current activities. As at June 30, 2014, the Company had a negative working capital of $22,377,755 (June 30, 2013 - $13,661,572), and net loss of $4,871,967 for the year ended June 30, 2014 (June 30, 2013 - $21,553,191). As at the balance sheet date June 30, 2014, the Company has not received any revenue from mining operations. Accordingly, the Q4 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 quarterly instalment due to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defence and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the Services Agreement. As a result of withholding payment, as at June 30, 2014, the Company is in default of the first quarterly principal instalment in the amount of $1,141,313 (£625,000) of its debt payable. Should the Company's above-noted position not be accepted, if the debtor exercises its rights under the debt payable, the Company may be forced to liquidate its assets including mineral rights in order to repay the debt if, at that date, it lacks sufficient funds to satisfy this liability (refer to note 8 and note 12a for further discussion of the agreement and ongoing litigation).

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 processing 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

During the first quarter of calendar year 2014, Alpha became a significant shareholder of the Company pursuant to a private share purchase and sale transaction with WAD. In addition, Mr. Luis da Silva, a non-executive director of the Company since March 25, 2013, was appointed President and Chief Executive Officer of the Company. Aligned with this appointment, Mr. Owen Ryan, who has overseen the restructuring of the Company over the previous 12 months, has remained as Chairman of the Company. The Company also recently announced the appointment of Mr. Brent de Jong and Mr. Robert Edwards to the Board. The Company continues to work to strengthen itself in all respects and transformation of the management team and the Board is a key step in this process. With supportive shareholders and a strong team, the Company looks forward to the future as we move towards production and the financing of our flagship asset, the Farim Project.

In addition, having notified the Ministry of Natural Resources of Guinea-Bissau that changes had occurred in the board of directors of GBM AG, GBM AG received a ruling from the Ministry of Natural Resources of Guinea-Bissau that, as of May 13, 2014, the newly appointed directors of GBM AG, who are also directors of the Company, are recognized by the Ministry of Natural Resources of Guinea-Bissau as the sole interlocutor between GBM AG and the Government of Guinea-Bissau with respect to the execution of GBM AG's mining license n˚ 004/2009.

Previous baseline studies from 2013 were necessary to complete the ESIA to Equator Principles and World Bank standards. These baseline studies were principally an extension of past environmental work that included river ecology and morphology for both the wet and dry seasons. It is expected the ESIA will be submitted to the Ministry of Natural resources and Energy of Guinea-Bissau during fourth quarter of calendar year 2014. Currently it is being translated.

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

- Work with the Government of Guinea-Bissau to finalise a definitive mining agreement with a satisfactory fiscal regime;
- Strengthen the balance sheet and improve the capital structure;
- Hold discussions with creditors to offset a portion of valid fees outstanding with equity;
- Analyse the various production scenarios in relation to an internal marketing study;
- Hold discussions with partners to offset investment risk; and
- Broaden off-take partner discussions that may lead to advanced capital for development of the Farim Project.

In addition, the Company believes it has been overcharged Value Added Tax (the "Overcharged VAT") in connection with the GBMMEC Services Agreement. The Company is currently investigating this VAT issue and intends to commence the process to recover the Overcharged VAT in the amount of $957,894 (£524,557) in the very near future.

The third quarter of calendar year 2014 has been characterized by the continuation of significant corporate and financial restructuring to better position the company with settling a portion of creditors' valid fees outstanding with equity, and the raising of up to $10.2 million of equity financing. This round of financing is a key milestone in the restructuring of the Company's balance sheet. It provides a stepping stone for the growth of the Company and represents significant progress made possible by our existing shareholders. The proceeds will be used towards meeting the Company's financial obligations, working capital and to add value to the Farim project by performing additional work on the existing feasibility study and move the project closer to the production stage. The Company has used a portion of proceeds from this round of financing to repay the principal of $4.65 million of convertible debentures and $2.75 million of promissory notes plus interests in the restructuring of the Company's balance sheet to aligns with key objectives of the Company.

DISCLOSURE ON INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Q4 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 Q4 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.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, particularly statements regarding future economic performance and finances, plans, expectations and objectives of management, may constitute "forward-looking" statements which reflect our current views with respect to future events and financial performance. When used in this MD&A, such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "estimate", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms. These forward-looking statements are based on certain assumptions by management, certain of which are set out herein. The forward-looking statements appearing in this MD&A reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements expressed or implied by such forward-looking statements to differ materially. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, all hazards and risks normally incidental to exploration, development and production of mineral resources, political instability and changes to existing government regulations including environmental regulations, ability to obtain adequate financing in future, the impact of global financial crisis, foreign currency fluctuations, ability to identify and integrate future acquisitions, reliance on key personnel and competition with other mineral industry companies for mineral concessions, claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and service providers and existence of a ready market for sale of commercial quantities of phosphate.