MANAGEMENT'S DISCUSSION AND ANALYSIS OF

GB MINERALS LTD.

For the Three and Nine Months Ended March 31, 2015

(Expressed in Canadian Dollars)

Dated as of May 19, 2015

This Management Discussion and Analysis ("**MD&A**") of the unaudited condensed interim consolidated financial condition, results of operations and cash flows of GB Minerals Ltd. (the "**Company**") is for the three and nine months ended March 31, 2015 and 2014. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three and nine months ended March 31, 2015 and 2014 (the "**Q3 Financial Statements**"), the audited annual consolidated financial statements and related notes thereto for the years ended June 30, 2014 and 2013 and previously filed management's discussions and analysis.

The financial information in this MD&A is derived from the Q3 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 May 19, 2015 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 preliminary economic assessment report 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 the 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 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 7 and note 10a of the Q3 Financial Statements). As of the date hereof, GBMMEC owns 3.6% of the issued and outstanding Common Shares.

Corporate

Mr. Kirill Zimin, a director of the Company, was appointed as a member of the Audit Committee to replace Mr. Walter Davidson who stepped down from the Audit Committee in October 2014. Mr. Walter Davidson remains a director 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 granted by the Government of Guinea-Bissau to the Company's wholly owned subsidiary, GBM AG and surrounded by an exploration license.

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, the Farim deposit is estimated to contain measured resources of 64.6 million tonnes ("**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 an open pit mining operation of approximately 1.0 Mt per year beneficiated phosphate rock and with a dedicated 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 superseded 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 Company has performed an assessment of the Feasibility Report and has commissioned additional work (the "**Additional Work**") to propose, outline and design more effective and efficient means of mining, processing and transporting the ore product for shipment. The Company has engaged Lycopodium Minerals Ltd. ("**Lycopodium**") to perform the Additional Work.

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, opposite to the project site, but in close proximity, as part of the Additional Work, consideration has been given to a new transport option that includes transporting material from the process plant across the river to then be loaded onto trucks which would haul the phosphate product along the newly constructed road. This option will also require the construction of an additional road of approximately six kilometres in length to connect the main haul route to the Ponta Chugue, at the mouth of the Geba River. At this location, the phosphate product would then be directly loaded onto ships of up to 35,000 dry weight tonnes in size.

On July 16, 2014, the Company announced that the most recently completed metallurgical test work had 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 are being revised to reflect these findings. In addition to the above, Lycopodium has undertaken a review of the mine to identify any further cost reductions.

On March 2, 2015, the Company provided an update on the advancement of the Additional Work, with the following highlights updated as of May 1, 2015:

- Full feasibility due in June 2015;
- Latest assay results on drill cores demonstrate that the phosphate run of mine material is near benchmark specification, 32% P_2O_5;
- Improved process efficiency with reduced number of steps and reagents;
- Pilot plant test work scheduled for end of May 2015;
- Reductions identified in operational and capital expenditures that should make the Farim Project a low cost producer;
- Relocation of process plant and infrastructure resulting in lower haulage costs confirming preference of road logistics; and
- Final port design complete and no dredging required for 35,000 tonne vessels

The Company also announced that the mine environmental and social impact assessment ("ESIA") submitted to the Government of Guinea-Bissau on December 16, 2014.

Environmental Social Impact Assessment

The environmental baseline studies and the ESIA for the project site required to advance the Farim Project have been completed and were submitted to the Ministry of Energy, Industry and Natural Resources of Guinea-Bissau in December 2014. Further work has been commissioned for the road and port areas, and to account for any modifications to the original mine plan. The additional work is being completed to Equator Principles and World Bank standards including IFC performance standards 1-8 2012.

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
Additions – capitalized exploration expenditures	3,460,862
Foreign exchange adjustments	(55,824)
Balance as at March 31, 2015	**$ 75,187,796**

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

As at March 31, 2015, the Company had a negative working capital of $16,610,174 (June 30, 2014 - $22,377,755) and reported a net loss of $5,318,523 for the period ended March 31, 2015 (March 31, 2014 - $5,240,960).

Operating and Administrative Expenses	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
Management and consulting fees	$ 437,521	$ 502,163	$ 1,024,695	$ 1,305,643
Interest expense	241,431	511,328	888,252	1,375,342
Professional fees (audit and legal)	359,916	208,512	834,416	422,113
Loss on foreign exchange	696,989	105,416	712,205	530,127
Stock option compensation	115,837	98,659	349,582	450,452
Financial advisory costs	301,794	24,691	347,232	9,822
General and administrative	121,563	128,312	336,240	411,594
Salaries and wages	89,046	62,171	274,893	178,245
Travel	79,720	52,013	215,100	211,486
Investor relations	59,725	41,641	122,431	123,557
Director fees	29,000	21,333	91,000	94,333
Filing and transfer agent fees	7,808	17,148	17,636	24,992
Amortization	476	747	1,453	2,133
Social development costs	908	2,293	908	91,428
Impairment of equipment	-	243	-	9,693
Total Operating and Administrative Expenses	**$ 2,541,734**	**$ 1,776,670**	**$ 5,216,043**	**$ 5,240,960**
Other Loss				
Loss on unamortized convertible debentures settlement (note 8f)	$ -	$ -	$ 102,480	$ -
Total Other Loss	**$ -**	**$ -**	**$ 102,480**	**$ -**
Other Comprehensive Loss				
Currency translation differences	$ (97,514)	$ 101,906	$ (221,366)	$ 267,126
Total Other Comprehensive Loss	**$ (97,514)**	**$ 101,906**	**$ (221,366)**	**$ 267,126**
Comprehensive Loss	**$ 2,444,220**	**$ 1,878,576**	**$ 5,097,157**	**$ 5,508,086**

For the three months ended March 31, 2015

The Company's comprehensive loss for the three months ended March 31, 2015 was $2,444,220 (March 31, 2014 - $1,878,576). Administration and general expenses totalled $121,563 (March 31, 2014 - $128,312). General and administrative expenses are relatively similar as compared with the prior comparative quarter. Management and consulting fees amounted to $437,521 (March 31, 2014 – $502,163). Management and consulting fees decreased as compared with the prior comparative quarter,

mainly due to the decrease in a one-off signing bonus and annual bonuses in the prior comparative quarter, which is offset by the retention of a recruitment agency for the hiring by the Company of a Country Manager in the current quarter. Salaries and wages totalled $89,046 (March 31, 2014 - $62,171). Salaries and wages increased as compared with the prior comparative quarter, due to the hiring by the Company of a Country Manager whose employment commenced in the current quarter. Stock option compensation totalled $115,837 (March 31, 2014 - $98,659) for stock options vested for the current quarter. Professional fees (audit and legal) increased significantly to $359,916 (March 31, 2014 - $208,512) as compared with the prior comparative quarter, due to the increased level of engagement in litigation against GBMMEC. Interest expense totalled $241,431 (March 31, 2014 - $511,328). Interest expense decreased significantly as compared with the prior comparative quarter due to the repayment of convertible debentures as described in note 8 of the Q3 Financial Statements. For the current quarter ended March 31, 2015, the Company's interest expense is mainly associated with the debt payable as described in note 7 of the Q3 Financial Statements. Financial advisory costs totalled $301,794 (March 31, 2014 - $24,691). Financial advisory costs increased significantly as compared with the prior comparative quarter, mainly due to the payment of a non-refundable retainer of $252,200 in consideration for project financing consultancy and advisory work in the current quarter. Loss on foreign exchange totalled $696,989 (March 31, 2014 – $105,416) due to unfavourable fluctuations in the value of the Canadian dollar as mainly compared to the British Pound, in which the Company has a significant portion of its accounts payable and accrued liabilities 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 nine months ended March 31, 2015

The Company's comprehensive loss for the nine months ended March 31, 2015 was $5,097,157 (March 31, 2014 - $5,508,086). Administration and general expenses totalled $336,240 (March 31, 2014 - $411,594). General and administrative expenses decreased as compared with the prior comparative period due to the Company's initiatives to cut-back on administrative and general expenses. Management and consulting fees amounted to $1,024,695 (March 31, 2014 – $1,305,643). Management and consulting fees decreased significantly as compared with the prior comparative period, mainly due to a decrease in non-cash expense on compensation services paid in the form of Common Shares to a director of the Company and the decrease in a one-off signing bonus and annual bonuses in the prior comparative period, which is offset by retention of a recruitment agency for the hiring by the Company of a Country Manager in the current period. Salaries and wages totalled $274,893 (March 31, 2014 - $178,245). Salaries and wages increased as compared with the prior comparative period, due to a settlement of an employment contract by the Company's wholly owned subsidiary, GB Minerais SARL, and the hiring by the Company of a Country Manager. Stock option compensation totalled $349,582 (March 31, 2014 - $450,452) for stock options vested for the current period. Professional fees (audit and legal) increased significantly to $834,416 (March 31, 2014 - $422,113) as compared with the prior comparative period due to the increased level of engagement in litigation against GBMMEC. Interest expense totalled $888,252 (March 31, 2014 - $1,375,342). Interest expense decreased significantly as compared with the prior comparative period, due to the repayment of convertible debentures as described in note 8 of the Q3 Financial Statements. Financial advisory costs totalled $347,232 (March 31, 2014 - $9,822). Financial advisory costs increased significantly as compared with prior comparative period, mainly due to the payment of a non-refundable retainer of $252,200 in consideration for project financing consultancy and advisory work in the current period, and monthly financial advisory retainers accrued or paid in connection with financial advisory services provided to the Company. Loss on foreign exchange totalled $712,205 (March 31, 2014 – $530,127) due to unfavourable fluctuations in the value of the Canadian dollar as mainly compared to the British Pound, in which the Company has a significant portion of its accounts payable and accrued liabilities balance payable, and debt payable in the current period. 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 period as compared with the prior comparative period.

RESULTS OF FINANCIAL POSITION

The Company's total assets as at March 31, 2015 amounted to $76,479,697 (June 30, 2014 - $72,330,589). The Company has funds held in trust in the amount of $978 (June 30, 2014 - $1,249) and cash and cash equivalents of $801,148 (June 30, 2014 - $351,525) as at March 31, 2015. During the period ended March 31, 2015, funds held in trust decreased slightly due to fluctuations in the foreign currency in which the funds in trust are held. Cash and cash equivalent increased with the receipt of proceeds from the issuance of Common Shares pursuant to non-brokered private placements completed on August 29, 2014 and December 10, 2014, promissory notes issued in March 2015 (as described in note 6 of the Q3 Financial Statements), and subsequent to the repayment and retirement of principal and interest expense accrued in association with the convertible debentures and promissory notes as described in notes 6 and 8 of the Q3 Financial Statements during the period ended March 31, 2015. Other receivable amounted to $181,503 (June 30, 2014 - $20,107). During the period ended March 31, 2015, other receivable increased significantly due to a goods and services tax refund receivable from the Canada Revenue Agency. Prepaid expenses as at March 31, 2015 amounted to $239,538 (June 30, 2014 - $79,787), of which a major portion represented the deposit for the Additional Work oand prepaid license fees in Guinea-Bissau. As at March 31, 2015, mineral rights totalled $75,187,796 (June 30, 2014 - $71,782,758), which included the addition of capitalization of exploration expenditures and its associated foreign exchange adjustments for the period ended March 31, 2015.

The Company's total liabilities as at March 31, 2015 amounted to $24,862,403 (June 30, 2014 - $29,839,489). The significant decrease in total liabilities was due to the repayment and retirement of principal and interest expense accrued in association with the convertible debentures and promissory notes as described in notes 6 and 8 of the Q3 Financial Statements during the period ended March 31, 2015.

The Company's total shareholders' equity as at March 31, 2015 was $51,617,294 (June 30, 2014 - $42,491,100). For the period ended March 31, 2015, the increase of the total shareholders' equity was due to the net loss of $5,318,523 (March 31, 2014 - $5,240,960) and other comprehensive loss (income) of cumulative translation reserve in the amount of <$221,366> (March 31, 2014 - $267,126), offset by an increase of $13,873,769 (March 31, 2014 - $7,044,355) in share capital following the completion of private placements of Common Shares and the share-based settlement of outstanding debt owed to creditors in consideration for consulting and advisory services previously provided to the Company, and to former and current directors of the Company for their outstanding directors' fees during the period ended March 31, 2015, and an increase of $349,582 (March 31, 2014 - $450,452) in share-based reserve of stock options.

RESULTS OF CASH FLOW

The Company's ending cash and cash equivalents as at March 31, 2015 amounted to $801,148 (June 30, 2014 - $351,525). The net cash outflow from operating activities in the amount of $3,615,648 for the period ended March 31, 2015 was compared with the net cash outflow of $3,184,142 for the prior comparative period in which the increase of cash outflow was due to a combination of net loss of $5,318,523 (March 31, 2014 - $5,240,960) and changes in non-cash working capital of $50,635 (March 31, 2014 - $320,647), offset by the adjustments for non-cash items in the amount of $1,753,510 (March 31, 2014 - $2,377,465). For the period ended March 31, 2015, the net cash outflow from investing activities in the amount of $3,404,767 (March 31, 2014 - $3,170,398) was mainly due to the addition of capitalization of exploration expenditures for the period ended March 31, 2015. For the period ended March 31, 2015, the net cash inflow from financing activities in the amount of $7,473,744 (March 31, 2014 - $6,462,329) included proceeds from the non-brokered private placements completed on August 29, 2014 and December 10, 2014, promissory notes issued in March 2015 (as described in note 6 of the Q3 Financial Statements), adjustments on the non-cash settlement of outstanding debt owed to creditors in consideration for consulting and advisory services previously provided to the Company, and to former and current directors of the Company for their outstanding directors' fees, and repayment and retirement of principal and interest expense accrued in association with the convertible debentures and promissory notes as described in notes 6 and 8 of the Q3 Financial Statements for the period ended March 31, 2015.

Financial results for the quarters ended March 31, 2015, 2014, and 2013:

	2015	**2014**	**2013**
Revenue	$Nil	$Nil	$Nil
Total net loss	$ 2,541,734	$1,776,670	$898,915
Total net loss per share (basic and diluted)	$0.01	$0.03	$0.05
Total assets	$76,479,697	$73,033,835	$82,511,029
Total long-term liabilities	$7,029,062	$11,943,852	$16,260,422
Total liabilities	$24,862,403	$28,739,453	$28,668,079
Shareholders' equity (deficiency)	$51,617,294	$44,294,382	$53,842,950
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
March 31, 2015	$Nil	$2,541,734	$0.01
December 31, 2014	$Nil	$1,178,280	$0.01
September 30, 2014	$Nil	$1,598,508	$0.01
June 30, 2014	$Nil	<$368,993>	<$0.01>
March 31, 2014	$Nil	$1,776,670	$0.03
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

OFF BALANCE-SHEET ARRANGEMENTS

The Company has no off balance-sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

For the period ended March 31, 2015, the Company had a negative working capital of $16,610,174 (June 30, 2014 - $22,377,755) and a net loss of $5,318,523 (March 31, 2014 - $5,240,960).

GBMMEC prepared the Feasibility Report on the Farim Project. As of March 31, 2015, the Company has been charged pre-exploration costs of $1,257,339 (£667,590) and mineral property costs of $18,936,901 (£10,054,636) for the services provided by GBMMEC and its sub-consultants. On October 23, 2013, the Company exercised its right under the settlement deed entered into with GBMMEC on January 30, 2013 and subsequently amended on July 26, 2013 (the "**Settlement Deed**"), as described in note 7 and note 10a of the Q3 Financial Statements, to request clarifications on GBMMEC's unpaid invoices (the "**Request for Clarification**"). These invoices were issued under the services agreement entered into between GBM Holdings and GBMMEC on January 18, 2010 for the provision by GBMMEC of engineering consultancy services, including the production of a full feasibility study on the Farim Project (the "**GBMMEC Services Agreement**"). To date, most of the issues raised by the Company in its Request for Clarifications remain unanswered. The Company has withheld payment of its first four quarterly principal instalments to GBMMEC under the Settlement Deed on the grounds that, pursuant to GBM Holdings' defence and counterclaim to the claim introduced by GBMMEC against it, the Company's position is that GBM Holdings is not liable for further payments to GBMMEC under the GBMMEC Services Agreement. As a result of withholding payments, as at March 31, 2015, the Company is in default on the first four quarterly principal instalments in the aggregate amount of $4,708,500 (£2,500,000) of its debt payable, as described in note 7 and note 10a of the Q3 Financial Statements.

The Company has committed $17,934 (June 30, 2014 – $23,481) to future minimum payments as at March 31, 2015 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 Company's failure to raise further financing would limit its ability to advance its business plan and carry on current activities. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation properties and development programs. Since inception, the Company's activities have been funded through equity and/or debt financings. The Company is in continuous fundraising mode. Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

FINANCING ACTIVITIES

On 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. As at March 31, 2015 and May 19, 2015, Aterra owned an aggregate of 54.0% 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 would remain 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 2,250,000 Common Shares were subject to a 12-month lock-up period, 2,250,000 Common Shares were subject to a 15-month lock-up period, 2,250,000 Common Shares were subject to a 18-month lock-up period, and 2,250,000 Common Shares were subject to a 21-month lock-up period (refer to note 7 and note 10a of the Q3 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 March 31, 2015 and May 19, 2015, GBMMEC owned 3.6% 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 was due on demand provided that no demand for payment would be made until the earlier of (i) April 30, 2014 unless the Company was 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 would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on October 1, 2013). Aterra and the Company subsequently 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. The Company repaid the September 2013 Promissory Note and all accrued interest 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 was due on demand provided that no such demand would 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 would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2014). Aterra and the Company subsequently 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. The Company repaid the November 2013 Promissory Note and all accrued interest 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 was due on demand provided that no such demand would 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 would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2014). Aterra and the Company subsequently 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. The Company repaid the December 2013 Promissory Note and all accrued interest 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 was due on demand provided that no such demand would 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 would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning 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 had a face value of $1,000, bearing interest of 10% per annum, fully secured by the assets of the Company. The Debentures ranked 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 was convertible at any time, into Common Shares at a conversion price of $0.20 per Common Share. Security for the Debentures would become enforceable upon the occurrence of certain events of default, which would include, among other things, if the Company failed to pay the principal amount of the Debentures when they became due and payable. The Company repaid the Debentures and all accrued interest on September 5, 2014.

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 Aterra Promissory Note**"). The principal amount was due on demand provided that no such demand would 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 Aterra Promissory Note, the principal would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on April 1, 2014). The Company repaid the June 2014 Aterra Promissory Note and all accrued interest on September 5, 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 Alpha Promissory Note**"). The principal amount was due on demand provided that no such demand would 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 Alpha Promissory Note, the principal would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on April 1, 2014). The Company repaid the June 2014 Alpha Promissory Note and all accrued interest on September 5, 2014.

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 were subject to a four-month hold period from the date of issuance, were purchased by various existing shareholders of the Company. The net proceeds of this non-brokered private placement were used for expenses and development of the Company's Farim phosphate mineral property, to meet the Company's financial obligations and operations commitments, to fund litigation as against GBMMEC and for additional working capital.

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 issuing a total of 10,027,454 Common Shares at $0.075 per Common Share. These Common Shares were subject to a four-month holding period from the date of issuance.

On November 17, 2014, the Company issued a note payable for a total aggregate amount of $500,000 to Aterra in exchange for a promissory note (the "**November 2014 Aterra Promissory Note**"). The principal amount was due on demand provided that no such demand would be made until the earlier of (i)

April 30, 2015 and (ii) the occurrence of an event of default. In accordance with the provisions of the November 2014 Aterra Promissory Note, the principal would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2015). The Company repaid the November 2014 Aterra Promissory Note and all accrued interest on November 26, 2014.

On November 17, 2014, the Company issued a note payable for a total aggregate amount of $250,000 to Alpha in exchange for a promissory note (the "**November 2014 Alpha Promissory Note**"). The principal amount was due on demand provided that no such demand would be made until the earlier of (i) April 30, 2015 and (ii) the occurrence of an event of default. In accordance with the provisions of the November 2014 Alpha Promissory Note, the principal would bear interest at the rate of 15% per annum and interest would be payable quarterly in arrears on the first day of each January, April, July, and October (beginning on January 1, 2015). The Company repaid the November 2014 Alpha Promissory Note and all accrued interest on November 26, 2014.

On December 15, 2014, the Company announced that it closed a non-brokered private placement of 40,000,000 Common Shares at a price of $0.075 per Common Share and raised aggregate gross proceeds of $3,000,000. These Common Shares, which were subject to a four-month hold period from the date of issuance, were purchased by two existing shareholders of the Company. The net proceeds of this non-brokered private placement were used for expenses and development of the Company's Farim phosphate mineral property, to meet the Company's financial obligations and operations commitments, to fund litigation as against GBMMEC and for additional working capital.

On March 5, 2015, the Company issued a note payable for a total aggregate amount of $350,000 to Alpha in exchange for a promissory note (the "**March 2015 Alpha Promissory Note**"). The principal amount is due on demand provided that no such demand may be made until the earlier of (i) August 30, 2015 and (ii) the occurrence of an event of default. In accordance with the provisions of the March 2015 Alpha Promissory Note, the principal amount bears interest at the rate of 15% per annum and interest is payable quarterly in arrears on the first day of each January, April, July, and October (beginning on April 1, 2015).

On March 19, 2015, the Company issued a note payable for a total aggregate amount of $650,000 to A.B. Aterra Resources Limited, a related company of Aterra, in exchange for a promissory note (the "**March 2015 A.B. Aterra Promissory Note**"). The principal amount is due on demand provided that no such demand may be made until the earlier of (i) August 31, 2015 and (ii) the occurrence of an event of default. In accordance with the provisions of the March 2015 A.B. Aterra Promissory Note, the principal amount bears interest at the rate of 15% per annum and interest is payable quarterly in arrears on the first day of each January, April, July, and October (beginning on April 1, 2015).

Subsequent Events

On April 10, 2015, the Company issued notes payable for an amount of $1,000,000 to A.B. Aterra Resources Limited and $500,000 to Alpha in exchange for promissory notes. The principal amounts are due on demand provided that no such demand may be made until the earlier of (i) September 30, 2015 and (ii) the occurrence of an event of default described in the promissory notes dated April 10, 2015 issued to Alpha and to A.B. Aterra Resources Limited. Under the provision of the promissory notes, the principal amounts shall remain outstanding until demanded and bear interest at the rate of 15% per annum. Interest is payable quarterly in arrears on the first day of each January, April, July, and October (beginning on July 1, 2015).

RELATED PARTY BALANCES AND TRANSACTIONS

For the nine months ended March 31, 2015, the Company paid or accrued management and consulting fees of $117,000 (March 31, 2014 - $267,000), of which $13,000 were non-cash share-based payments, to Monmouth Ltd., a company controlled by an officer and director of the Company; $346,500 (March 31, 2014 - $207,650) to Aluso Capital Limited, a company controlled by an officer and director of the Company; $18,553 (March 31, 2014 - $187,500) to an officer of the Company of which $4,282 (March 31, 2014 - $56,250) were included in the capitalization of exploration expenditures; $122,000 (March 31, 2014 - $100,000), of which $8,000 were non-cash share-based payments, to Artisan Consulting Ltd, a company controlled by an officer of the Company; and $30,398 (March 31, 2014 - $8,844) to De Jong Capital LLC, a company the principal of which is a director of the Company.

For the nine months ended March 31, 2015, the Company incurred director fees of $91,000 (March 31, 2014 - $94,333).

For the nine months ended March 31, 2015, $259,043 (March 31, 2014 – $432,763) of stock options were vested. These stock options are non-cash stock-based compensation issued to directors, officers, and companies related by virtue of directors and officers in common.

For the nine months ended March 31, 2015, the Company had share-based payments in an aggregate amount of $489,761 (March 31, 2014 - $234,000) to settle outstanding debt owed to related parties by virtue of them being directors, officers and existing shareholders, Aterra and Alpha (as described in notes 6, 8a, 8b, 8d, and 8f of the Q3 Financial Statements), in connection with consulting and advisory services previously provided to the Company and to current directors of the Company for their outstanding directors' fees, by issuing a total of 6,530,148 Common Shares at $0.075 per Common Share. The Common Shares were subject to a four-month holding period from the date of issuance.

For the nine months ended March 31, 2015, the Company expensed interest of $143,969 (March 31, 2014 - $442,182) to Aterra, a shareholder of the Company, and $3,205 (March 31, 2014 – $Nil) to A.B. Aterra Resources Limited, a related company of Aterra, on the note payable described in note 6 and convertible debentures described in notes 8a, 8b, 8d and 8f of the Q3 Financial Statements.

For the nine months ended March 31, 2015, the Company expensed interest of $46,490 (March 31, 2014 - $6,780) to Alpha, a shareholder of the Company, on the note payable described in note 6 and convertible debentures described in note 8f of the Q3 Financial Statements.

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 were purchased by various existing shareholders of the Company. As a result of this transaction completed on 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. As at March 31, 2015 and May 19, 2015, Aterra owned an aggregate of 54.0% and Alpha owned an aggregate of 23.7%, 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 interest of $364,274 to Aterra, and $1,000,000 in principal amount and its accrued interest of $46,849 to Alpha (refer to note 8f of the Q3 Financial Statements). The Company repaid promissory notes in the principal amount of $2,500,000 and its accrued interest of $259,315 to Aterra, and $250,000

in principal amount and its accrued interest of $9,349 to Alpha (refer to note 6 of the Q3 Financial Statements).

On November 26, 2014, the Company repaid promissory notes issued on November 17, 2014 in the principal amount of $500,000 and its accrued interest of $1,849 to Aterra, and $250,000 in principal amount and its accrued interest of $925 to Alpha (refer to note 6 of the Q3 Financial Statements).

On December 15, 2014, the Company announced that it closed a non-brokered private placement of 40,000,000 Common Shares at a price of $0.075 per Common Share and raised aggregate gross proceeds of $3,000,000. These Common Shares were purchased by two existing shareholders of the Company, Aterra and Alpha. As a result of this transaction completed on December 10, 2014, Aterra and Alpha owned an aggregate of 54.0% and 23.7% respectively of the issued and outstanding Common Shares. As at March 31, 2015 and May 19, 2015, Aterra owned an aggregate of 54.0% and Alpha owned an aggregate of 23.7%, respectively, of the issued and outstanding Common Shares.

On March 5, 2015, the Company issued a note payable for a total aggregate amount of $350,000 to Alpha in exchange for a promissory note (the "**March 2015 Alpha Promissory Note**"). The principal amount is due on demand provided that no such demand may be made until the earlier of (i) August 30, 2015 and (ii) the occurrence of an event of default. In accordance with the provisions of the March 2015 Alpha Promissory Note, the principal amount bears interest at the rate of 15% per annum and interest is payable quarterly in arrears on the first day of each January, April, July, and October (beginning on April 1, 2015).

On March 19, 2015, the Company issued a note payable for a total aggregate amount of $650,000 to A.B. Aterra Resources Limited, a related company of Aterra, in exchange for a promissory note (the "**March 2015 A.B. Aterra Promissory Note**"). The principal amount is due on demand provided that no such demand may be made until the earlier of (i) August 31, 2015 and (ii) the occurrence of an event of default. In accordance with the provisions of the March 2015 A.B. Aterra Promissory Note, the principal amount bears interest at the rate of 15% per annum and interest is payable quarterly in arrears on the first day of each January, April, July, and October (beginning on April 1, 2015).

Subsequent Events

On April 10, 2015, the Company issued notes payable for an amount of $1,000,000 to A.B. Aterra Resources Limited and $500,000 to Alpha in exchange for promissory notes. The principal amounts are due on demand provided that no such demand may be made until the earlier of (i) September 30, 2015 and (ii) the occurrence of an event of default described in the promissory notes dated April 10, 2015. Under the provision of the promissory notes, the principal amounts bear interest at the rate of 15% per annum and interest is payable quarterly in arrears on the 1st day of each January, April, July, and October (beginning on July 1, 2015).

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, funds held in trust, other receivable, 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 15 of the Q3 Financial Statements presents information about the Company's exposure to each of the aforementioned risks and the Company's objectives, policies and processes for measuring and managing these risks.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The Company's 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 the Company's 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 Q3 Financial Statements and the audited annual consolidated financial statements for the year ended June 30, 2014. The Company believes the following are the critical accounting estimates used in the preparation of the Q3 Financial Statements.

Use of Estimates

The preparation of the Q3 Financial Statements in conformity with IFRS requires the management of the Company 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 Q3 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 Q3 Financial Statements. Accordingly, actual results may differ from these estimated amounts as future confirming events occur. Significant estimates used in the preparation of the Q3 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 incurred 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 the 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, a 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-based 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-based 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

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2015, and have not been applied in preparing these condensed interim 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:

- IFRS 9: Financial Instruments, effective January 1, 2018
- IAS 16: Property, Plant, and Equipment, effective January 1, 2016
- IAS 38: Intangible Assets, effective January 1, 2016
- IFRS 15: Revenue from Contracts with Customers, effective 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. The Company has adopted a number of new standards, effective for its year ended June 30, 2015. No significant impact has resulted on these condensed interim consolidated financial statements as a result of adopting these standards.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

For the period ended March 31, 2015 and the comparative period ended March 31, 2014, the Company incurred the following costs and expenses:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
Capitalized exploration expenditures	$ 1,784,914	$ 889,096	$ 3,405,038	$ 3,341,929
General and administrative expenses	$ 121,563	$ 128,312	$ 336,240	$ 411,594
Management and consulting fees	$ 437,521	$ 502,163	$ 1,024,695	$ 1,305,643
Stock option compensation	$ 115,837	$ 98,659	$ 349,582	$ 450,452
Financial Advisory costs	$ 301,794	$ 24,691	$ 347,232	$ 9,822
Professional fees (audit and legal)	$ 359,916	$ 208,512	$ 834,416	$ 422,113
Interest expense	$ 241,431	$ 511,328	$ 888,252	$ 1,375,342
Social development costs	$ 908	$ 2,293	$ 908	$ 91,428

OUTSTANDING SHARE DATA

The Company has an unlimited number of Common Shares authorized for issuance without par value. As at March 31, 2015 and May 19, 2015, there were 252,820,516 Common Shares issued and outstanding, respectively, and 15,082,000 incentive stock options outstanding, respectively. The Company had no

warrants outstanding as at March 31, 2015 and May 19, 2015. The fully diluted number of Common Shares as at March 31, 2015 and May 19, 2015 was 267,902,516, 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.

Financing Risks

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

Liquidity Risks and Going Concern

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Although the Company takes steps at its best efforts to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs, there is no assurance

that any steps taken by the Company will be successful in this regard, and there is risk that unforeseen circumstances and expenditures will limit the time period for which cash will be available. The Company is in continuous fundraising mode. The Company will issue equity at its best effort to ensure it has sufficient access to cash to meet current and foreseeable financial requirements. Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and evaluation of its projects with the possible loss of such properties.

The Company currently does not have sufficient cash on hand to continue with its exploration and development programs for the immediate future and its immediate and long term continuance is dependent on obtaining sufficient external financing (predominantly through the issuance of equity and/or debt) to realize the recoverability of its investment in it mineral rights which is dependent upon the existence of economically recoverable reserves and upon future profitable production. Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable; and Company's failure to raise further financing would limit its ability of the Company to advance its business plan and carry on current activities. As at March 31, 2015, the Company had a negative working capital of $16,610,174 (June 30, 2014 - $22,377,755), and net loss of $5,318,523 for the period ended March 31, 2015 (March 31, 2014 - $5,240,960). As at the balance sheet date of March 31, 2015, the Company has not received any revenue from mining operations. Accordingly, the Q3 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 four quarterly principal instalments 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 March 31, 2015, the Company is in default of the first four quarterly principal instalments in the aggregate amount of $4,708,500 (£2,500,000) of its debt payable. Should the Company's above-noted position not be accepted, if the debtor exercises its rights under the debt payable, the Company may be forced to liquidate its assets including mineral rights in order to repay the debt if, at that date, it lacks sufficient funds to satisfy this liability (refer to note 7 and note 10a of Q3 Financial Statements for further discussion of the agreement and ongoing litigation).

Political Risk

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

Guinea-Bissau regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. GBM AG's mineral exploration and mining activities in Guinea-

Bissau may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to GBM AG's activities or maintaining its licenses. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

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

No Assurance to Title

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

Litigation

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

Fluctuating Price and Currency

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

Competition

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

but the combinations of these factors may result in the Company not receiving adequate return on invested capital or losing its investment capital.

Environmental Risk

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

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

OUTLOOK

The third and fourth quarters of calendar year 2014 have been characterized by the continuation of significant corporate and financial restructuring to better position the Company through the settlement in equity of a portion of creditors' valid outstanding fees, and the raising of an aggregate $13.2 million of equity financing, with the proceeds being used towards meeting the Company's financial obligations, working capital and to add value to the Farim Project by completing the Additional Work and moving the Farim Project closer to the production stage.

In December 2014, the environmental baseline studies and the ESIA for the project site required to advance the Farim Project were submitted to the Ministry of Energy, Industry and Natural Resources of Guinea Bissau. Completion of the ESIA and its submission to the Government of Guinea Bissau is an important milestone towards delivering and evolving the Company with tangible results. Further work has been commissioned for the road and port areas, and to account for any modifications to the original mine plan. The Additional Work is being completed to Equator Principles and World Bank standards including IFC performance standards 1-8 2012.

During the first quarter of calendar year 2015, the Company provided an update on the advancement and development of the Additional Work which Lycopodium has been carrying out. These advancement and developments from the Additional Work demonstrate that the Company has been successful in not only improving the project economics but also the overall project configuration. The in-situ phosphate is also proving to be closer to specification than first thought. In particular, improvements lie in the process, transportation and waste management designs that have had meaningful upgrades. The Company looks forward to reviewing the final study when it becomes available by the second quarter of calendar year 2015 and updating investors with the final project economics, including the final capital and operating costs, with the design of tailings pond, overburden storage facilities, and mine plan.

In addition, the Company continues to try to recover a significant amount of Value Added Tax it was incorrectly charged in connection with the completion by GBMMEC of the full feasibility study on the Farim Project.

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

- Complete the Additional Work and advance studies with Lycopodium and to reduce the cost parameters of the Farim Project;
- Continue strengthening the balance sheet;
- Hold discussions with partners to offset investment risk;
- Broaden off-take partner discussions that may lead to advanced capital for development of the Farim Project;
- Work with the Government of Guinea-Bissau to finalise a definitive mining agreement with a satisfactory fiscal regime; and
- Submission of a fully translated feasibility study to the Government of Guinea Bissau

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 Q3 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 Q3 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, a number 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.