

GMV MINERALS INC.
Condensed Consolidated Interim Financial Statements
For the Three and Six months ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

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MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and all information in the quarterly report are the responsibility of the Board of Directors and management. These financial statements have been prepared by management in accordance with International Financial Reporting Standards. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the financial statements.

The condensed consolidated interim financial statements for the six-months ended December 31, 2017 and 2016 are unaudited and prepared by Management.

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

“Ian Klassen” (signed)

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Ian Klassen
President, CEO and Director

Vancouver, British Columbia
February 28, 2018

“Michele Pillon” (signed)

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Michele Pillon
Chief Financial Officer

GMV MINERALS INC.
Condensed Consolidated Interim Statements of Financial Position
As at December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	December 31, 2017	June 30, 2017
	\$	\$
Assets		
Current		
Cash and cash equivalents	1,132,933	1,715,921
Amounts receivable	22,151	34,278
Prepaid expenses (Note 9)	33,307	38,065
Due from related party (Note 9)	20,000	20,000
	1,208,391	1,808,264
Reclamation Deposits (Note 6)	19,041	19,041
Resource Property Interests (Note 7)	3,133,911	2,585,752
	4,361,343	4,413,057
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 9)	115,393	98,259
	115,393	98,259
Shareholders' Equity		
Capital Stock (Note 8)	21,994,224	21,802,974
Contributed Surplus	4,406,130	4,406,130
Accumulated Other Comprehensive Income foreign currency translation adjustment	155,461	155,461
Deficit	(22,309,865)	(22,049,767)
	4,245,950	4,314,798
	4,361,343	4,413,057

Nature of Operations and Going Concern (Note 1)
Commitments (Note 11)

Approved by the Board:

"Ian Klassen" Director
Ian Klassen

"Alistair MacLennan" Director
Alistair MacLennan

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

GMV MINERALS INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three and Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Three Months ended		Six Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Administrative expenses				
Management	\$ 73,385	77,535	\$ 136,385	140,535
Legal and accounting	43,950	43,050	61,950	58,050
Office and miscellaneous	7,078	13,697	14,947	18,195
Regulatory and transfer agent fees	4,447	8,717	5,609	34,613
Share-based compensation	-	380,200	-	792,700
Rent	4,500	4,500	9,000	9,000
Shareholder & investor relations	4,413	63,148	18,120	104,146
Travel and entertainment	6,248	18,475	8,016	24,470
Consulting	-	6,500	2,977	10,800
Loss before Other Items	(144,021)	(615,822)	(257,004)	(1,192,509)
Other Income (Expenses)				
Unrealized gain on marketable securities (Note 5)	-	436	-	(2,181)
Foreign exchange gain (loss)	210	2,330	(4,868)	3,169
Interest and other	1,736	2,311	1,774	2,499
	1,946	5,077	(3,094)	3,487
Comprehensive Loss for the Period	\$ (142,075)	(610,745)	\$ (260,098)	(1,189,022)
Loss per share, basic and diluted	\$ (0.00)	(0.02)	\$ (0.01)	(0.04)
Weighted average number of common shares outstanding	32,786,358	31,989,565	32,614,076	28,739,790

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

GMV MINERALS INC.
Condensed Consolidated Interim Statements of Changes in Equity
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Issued Capital Shares	Capital Amount	Subscriptions Received	Contributed Surplus	Deficit	Foreign Currency Translation Adjustment	Equity
		\$	\$	\$	\$	\$	\$
Balance, July 1, 2016	18,117,330	17,738,847	30,000	3,512,228	(20,695,852)	155,300	740,523
Shares issued for:							
Private placements	9,365,726	3,632,863					3,632,863
Exercise of warrants	4,811,400	592,265					592,265
Exercise of options	50,000	5,000					5,000
Share subscriptions received			(30,000)				(30,000)
Share issue costs		(131,226)					(131,226)
Share based payments				792,700			792,700
Net loss	-	-	-	-	(1,189,022)	-	(1,189,022)
Balance, December 31, 2016	32,344,456	21,837,749	-	4,304,928	(21,884,874)	155,300	4,413,103
Balance, July 1, 2017	32,415,706	21,802,974	-	4,406,130	(22,049,767)	155,461	4,314,798
Shares issued for:							
Exercise of warrants	987,500	153,750	-	-	-	-	153,750
Exercise of options	125,000	37,500	-	-	-	-	37,500
Net loss	-	-	-	-	(260,098)	-	(260,098)
Balance, December 31, 2017	33,528,206	21,994,224	-	4,406,130	(22,309,865)	155,461	4,245,950

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

GMV MINERALS INC.
Condensed Consolidated Interim Statements of Cash Flows
For the Three and Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

Cash provided by (used for)	For the Three Months ended December 31,		For the Six Months Ended December 31,	
	2017	2016	2017	2016
Operating activities				
Loss for the period	\$ (142,075)	(610,745)	\$ (260,098)	(1,189,022)
Items not affecting cash:				
Share-based payments	-	380,200	-	792,700
Unrealized (gain) loss on marketable securities	-	(436)	-	2,182
	(142,075)	(230,981)	(260,098)	(394,140)
Net change in non-cash working capital:				
Accounts receivable	(919)	(12,683)	12,127	(23,507)
Prepaid expenses	(5,378)	3,695	4,758	28,723
Accounts payable and accrued liabilities	(68,485)	107,032	17,134	122,415
	(216,857)	(132,937)	(226,079)	(266,509)
Investing activities				
Exploration and evaluation asset costs	(173,261)	(448,333)	(548,159)	(575,513)
Reclamation bond deposit	-	(26,414)	-	(51,964)
	(173,261)	(474,747)	(548,159)	(627,477)
Financing activities				
Shares issued for private placement, net	-	-	-	3,501,637
Proceeds from exercise of warrants	105,000	145,500	153,750	592,265
Proceeds from exercise of options	37,500	-	37,500	5,000
Share subscriptions received	-	-	-	(30,000)
	142,500	145,500	191,250	4,068,902
Change in cash during the year	(247,618)	(462,184)	(582,988)	3,174,916
Cash, beginning of year	1,380,551	3,869,397	1,715,921	232,297
Cash, end of year	\$ 1,132,933	3,407,213	\$ 1,132,933	3,407,213
Supplemental cash flow information				
Income tax paid	\$ -	-	\$ -	-
Interest paid	\$ -	-	\$ -	-

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

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

GMV Minerals Inc. (the “Company”) was incorporated on May 18, 2006 under the Business Corporations Act of British Columbia. The Company’s shares are listed for trading on the TSX Venture Exchange under the symbol GMV.

The address of the Company’s corporate office and principal place of business is #501 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

The Company is in the process of exploring its principal mineral properties in SE Arizona and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a net loss of \$260,098 (2016: \$1,189,022) for the six months ended December 31, 2017 and has an accumulated deficit of \$22,309,865 (June 30, 2017 - \$22,049,767) which has been funded primarily by the issuance of equity. The Company’s ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. While the Company has been successful in obtaining financing in the past, there is no assurance that such financing will continue to be available or be available on favourable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. In assessing the appropriateness of the going concern assumption management is required to consider all available information about the future, which is at least, but not limited to, 12 months from the consolidated statement of financial position date. Management has carried out an assessment of the going concern assumption and has concluded that it is appropriate that the consolidated financial statements are prepared on a going concern basis. Accordingly, these consolidated financial statements do not reflect any adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statement of comprehensive loss and consolidated statement of financial position classifications that would be necessary were the going concern assumption not appropriate.

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interim Financial Reporting IAS 34.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company’s June 30, 2017 annual consolidated financial statements.

These unaudited condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on February 28, 2018.

(b) Consolidation and Measurement

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, GMV Guyana Resources Inc. (“GMV Guyana”) and GMV Minerals (Nevada) LLC (“GMV Nevada”). GMV Nevada was incorporated on May 30, 2014 under the laws of the State of Nevada. All material inter-company balances and transactions have been eliminated upon consolidation. During the six months ended December 31, 2017 and 2016, GMV Guyana was inactive.

These consolidated interim financial statements are prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 4. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

New accounting standards adopted by the Company

During the six months ended December 31, 2017, the Company did not adopt any new accounting standards and interpretations.

Accounting Standards and Amendments Issued but not yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the six months ended December 31, 2017, and have not been applied in preparing these consolidated financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not early adopted these revised standards and is currently assessing the impact they will have on the consolidated financial statements.

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
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3. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS (continued)

- i) *IFRS 9 Financial Instruments*: In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in May 2010 to include requirements regarding classification and measurement of financial liabilities. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics. This standard is effective for annual periods beginning on or after January 1, 2018.
- ii) *IFRS 15 Revenue from Contracts with Customers*: In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.
- iii) *IFRS 2 Share-based Payment* - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendments provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. This standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.
- iv) *IFRS 16 Leases* - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. This standard is effective for annual periods beginning on or after January 1, 2019.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash equivalents consist of cash on hand, balances with banks and highly liquid market investments with original terms of maturity of less than 90 days at time of acquisition, or which are redeemable at the option of the Company.

(b) Resource property interests

Resource properties' exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

All exploration and evaluation expenditures incurred after the legal title and rights in mineral claims are secured are capitalized as exploration and evaluation assets and are classified as intangible assets. Such expenditures include, but are not limited to, mineral title maintenance expenditures, acquisition costs per option agreements, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs including share-based payments to geologists. General exploration costs not related to specific exploration and evaluation property are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Exploration and evaluation assets are tested for impairment and no amortization is taken during the exploration and evaluation phase.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets. Upon commencement of commercial production, capitalized assets are amortized using the units of production method over estimated recoverable reserves.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized; however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

The Company's entitlement to mineral exploration tax credits are accounted for on an accrual basis to reduce the exploration costs.

i) Impairment

Mineral properties are reviewed for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount of mineral properties may exceed its recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The factors to consider include and not limited to on-going status of the rights to explore and evaluate, existence of further budget or plan, management intention and probability of development and recovery. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(c) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in contributed surplus is transferred to share capital.

(d) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

(e) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

(f) Basic and diluted loss per share

Basic net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted net loss per share. Stock options and share purchase warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

As the Company has recorded a net loss in each of the periods presented, basic and diluted net loss per share are the same as the exercise of stock options or share purchase warrants are anti-dilutive.

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currency translation

The Company's reporting currency is the Canadian dollar.

The functional currency of the Company and GMV Minerals (Nevada) LLC is the Canadian dollar. The functional currency of GMV Guyana Resources Inc. is the Guyanese dollar. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the consolidated statement of financial position date and non-monetary assets and liabilities at the exchange rates in effect at the time of the transaction. Revenues and expenses are also translated at rates in effect at the time of the transaction. Gains and losses on translation are included in net income for the period.

Financial statements of the subsidiary prepared under its functional currency are translated into Canadian dollars for consolidation purposes. Amounts are translated using the current rates of exchange for assets and liabilities and using the average rates of exchange for the period for revenues and expenses. Gains and losses resulting from translation adjustments are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment. In the event of a reduction of the Company's net investment in its foreign operations, the portion of accumulated other comprehensive income related to the reduction is realized and recognized in operations.

5. MARKETABLE SECURITIES

The Company's marketable securities comprise the following:

	December 31, 2017	December 31, 2016
	\$	\$
Canamex Resources Corp. (2016 – 46,625 common shares)	-	5,671

6. RECLAMATION DEPOSITS

As at December 31, 2017, the Company had \$19,041 (US\$15,000) (2016 - \$15,006 (US\$12,000)) in trust as a reclamation security deposit with the Arizona Bureau of Land Management for its exploration and evaluation assets on the Mexican Hat property in Arizona, US.

GMV MINERALS INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

7. RESOURCE PROPERTY INTERESTS

	June 30, 2017	Additions	December 31, 2017
	\$	\$	\$
Mexican Hat Property			
Acquisition cost additions:			
Cash	120,133	11,288	131,421
Warrants issued	16,797	-	16,797
	136,930	11,288	148,218
Exploration costs incurred:			
Assaying	300,557	52,585	353,142
Field supplies	49,517	28,410	77,927
Claim maintenance fees	87,890	11,858	99,748
Consulting	130,898	47,752	178,650
Drilling	1,036,540	306,911	1,343,451
Food & lodging	29,571	11,802	41,373
Freight	24,027	7,993	32,020
Geological consulting	282,939	45,002	327,941
Legal fees	196,163	14,222	210,385
Mapping	6,564	-	6,564
Share-based payments	135,890	-	135,890
Site personnel	102,903	2,023	104,926
Travel	51,883	5,780	57,663
Trenching	3,960	-	3,960
Vehicle rental	9,520	2,533	12,053
	2,448,822	536,871	2,985,693
Total	2,585,752	548,159	3,133,911

Mexican Hat Property

On May 14, 2014, the Company entered into a binding agreement with Norman A. Pearson to secure a 100% interest in a mining lease originally dated December 14, 2002. The Company has the exclusive right and privilege to explore and mine for certain material and the right to use the surface of the property as may be required for all purposes related to the prospecting, exploration, development and production of minerals from the property. The property consists of 40 unpatented lode mining claims situated in Cochise County, Arizona, USA. The lease remains in effect for the period that the claims are maintained in good standing.

The Company made the following payment to acquire the 100% interest in the mining lease:

- (a) Cash payment of \$40,000 (paid).
- (b) 50,000 common share purchase warrants at an exercise price of \$0.50 for a period of 24 months from the date of the agreement (issued).
- (c) 50,000 common share purchase warrants at an exercise price of \$1.00 for a period of 24 months from the date of the agreement (issued).

On April 27, 2015, the Company acquired 2 claims adjacent to the existing Mexican Hat Property. The mining property lease agreement was fully assigned to the Company.

On November 13, 2015, the Company acquired an additional 2 claims adjacent to the existing Mexican Hat Property.

GMV MINERALS INC.
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7. RESOURCE PROPERTY INTERESTS (continued)

In March 2017, the Company acquired a 100% interest in six new exploration permits at the Arizona State Land Department (ASLD). These permits further extend the north and northwest boundaries of its Mexican Hat gold exploration project located in S.E. Arizona. The Company has now increased its land position by approximately 2,693 acres.

8. SHARE CAPITAL

- (a) **Authorized** - Unlimited common shares, without par value
- (b) **Issued and Outstanding** – **33,528,206** See Consolidated Statements of Changes in Equity

During the six months ended December 31, 2017, the company received proceeds of \$153,750 from the exercise of 987,500 warrants and \$37,500 from the exercise of 125,000 options.

During the year ended June 30, 2017, 4,842,650 common shares were issued from exercise of warrants at various prices per warrant for gross proceeds of \$609,890. Common shares were also issued for the exercise of 90,000 options at a price of \$0.10 per option for gross proceeds of \$9,000.

On September 9, 2016, the Company completed a non-brokered private placement for 5,865,726 units of the Company at \$0.50 per unit for gross proceeds of \$2,932,863. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant will be exercisable at \$0.65 to purchase an additional common share of the Company for a period of 18 months following the closing date. No value has been allocated to the warrants. The Company paid \$109,856 and issued 170,924 finders' warrants at a fair value of \$67,351 as issuance costs. The finders' warrants have same terms and conditions as the private placement warrants.

If the closing price of the common shares on the TSX Venture Exchange is higher than \$1.00 for any 10-consecutive trading day period, at the option of the Company, the expiry date of the warrants may be accelerated to the 30th trading day after the notice of such earlier accelerated expiry date is given to the warrant holders.

On July 6, 2016, the Company completed a non-brokered private placement for 3,500,000 units of the Company at \$0.20 per unit for gross proceeds of \$700,000. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant will be exercisable at \$0.30 to purchase an additional common share of the Company for a period of 18 months following the closing date. No value has been allocated to the warrants. The Company incurred \$21,370 and issued 24,675 finders' warrants at a fair value of \$4,499 as issuance costs. The finders' warrants have the same terms and conditions as the private placement warrants.

The Company paid \$8,640 and issued 86,400 warrants at a fair value of \$4,533 as finders' fees for the private placement. The finders' warrants are exercisable at \$0.10 to purchase an additional common share of the Company for a period of one year.

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8. SHARE CAPITAL (continued)

(c) **Warrants**

The following table summarizes the continuity of the Company's warrants.

	Number of warrants	Weighted-Average Exercise Price
Balance, June 30, 2015	4,620,500	\$0.11
Granted	2,711,400	0.15
Expired	(308,000)	0.32
Exercised	(1,175,000)	0.11
Balance, June 30, 2016	5,848,900	\$0.13
Granted	1,774,675	\$0.11
Granted	3,103,787	0.41
Exercised	(4,842,650)	0.13
Expired	(125,000)	0.11
Balance, June 30, 2017	5,759,712	\$0.46
Exercised	(987,500)	0.16
Balance, December 31, 2017	4,772,212	\$0.35

Additional information regarding warrants outstanding as at December 31, 2017 is as follows:

Exercise Price	Number of Warrants	Expiry Date
\$0.30	1,668,425	January 8, 2018
\$0.65	2,369,900	March 1, 2018
\$0.65	733,887	March 9, 2018
	4,772,212	

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8. SHARE CAPITAL (continued)

(d) Stock Options

The Company has adopted an incentive stock option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the issued outstanding common shares of the Company. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. Options granted may not exceed a term of five years. All options vest upon grant unless otherwise specified by the Board of Directors.

On December 13, 2016, the Company granted incentive stock options to various directors, officers and consultants to purchase up to 835,000 common shares exercisable on or before December 13, 2021 at a price of \$0.60 per share. The options vested immediately upon grant. Fair value of each option granted was \$0.49 and share-based compensation of \$405,243 was recorded. Of the 835,000 stock options, 280,000 options were related to resource property as described in Note 7. As a result, \$135,890 was recorded in the resource property.

On August 15, 2016, the Company granted incentive stock options to various directors, officers and consultants to purchase up to 500,000 common shares exercisable on or before August 15, 2021 at a price of \$0.60 per share. The options vested immediately upon grant. Fair value of each option granted was \$0.58 and share-based compensation of \$289,866 was recorded.

On July 7, 2016, the Company granted incentive stock options to various directors, officers and consultants to purchase up to 500,000 common shares exercisable on or before July 7, 2021 at a price of \$0.30 per share. The options vested immediately upon grant. Fair value of each option granted was \$0.28 and share-based compensation of \$142,393 was recorded.

During the year ended June 30, 2016, the Company granted 340,000 options to directors, officers, and consultants of the Company at a fair value of \$21,208 and charged to share-based payments. All options vested immediately upon grant. The fair value of each option granted \$0.10.

As at December 31, 2017, the weighted average remaining contractual life of the options was 2.89 years (2016 – 3.39 years). Additional information regarding options outstanding and exercisable as at December 31, 2017 is as follows:

Exercise Price	Number of	Expiry Date
\$	Shares	
0.10	495,000	August 27, 2019
0.15	420,000	March 2, 2020
0.25	50,000	May 14, 2020
0.10	340,000	November 12, 2020
0.30	375,000	July 7, 2021
0.60	500,000	August 15, 2021
0.60	835,000	December 13, 2021
	3,015,000	

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9. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended December 31, 2017 and 2016, the Company had the following related party transactions and balances:

- (a) As at December 31, 2017, prepaid expenses included \$18,852 (2016 – \$17,192) advanced to a company controlled by a director of the Company for management services.
- (b) As at December 31, 2017, due from related party includes \$20,000 (2016 - \$20,000) advanced to a company controlled by the president of the Company. This amount is unsecured, non-interest bearing and due on demand.
- (c) As at December 31, 2017, accounts payable includes \$6,300 (2016 - \$77,400) in amounts owing to companies controlled by directors and officers of the Company. These amounts are unsecured, non-interest bearing and due on demand.
- (d) The Company incurred a total of \$100,385 (2016 - \$100,385) to a company controlled by an officer of the Company for management services.
- (e) The Company paid or incurred a total of \$36,000 (2016 - \$40,150) to a company controlled by a director of the Company for management services.
- (f) The Company paid \$40,155 (2016 - \$37,150) to company controlled by an officer of the Company for accounting fees.
- (g) The Company paid \$9,000 (2016 - \$9,000) to a company controlled by an officer of the Company for rent.

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the six months ended December 31, 2017 and 2016. Short-term key management compensation consists of the following for the six months ended December 31, 2017 and 2016:

	2017	2016
Management fees	\$ 136,385	\$ 140,535
Accounting fees	40,155	37,150
Share-based payments	-	435,985
	\$ 176,540	\$ 613,670

10. COMMITMENTS

The Company has agreements with certain members of senior management. In the event that there is a change of control, the Corporation is committed to pay severance payments equivalent to three months of salary which amounts to \$81,000 (2016 - \$81,000).

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11. MANAGEMENT OF CAPITAL

The Company defines capital as all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The exploration and evaluation assets in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. RISK AND FINANCIAL INSTRUMENTS

The Company's financial instruments are categorized in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash and cash equivalents, accounts payable and due to / from related parties.

The fair value of cash and cash equivalents are determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. As at December 31, 2017, the Company believes that the carrying values of accounts payable and due from / to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as of December 31, 2017, as follows:

	Fair Value Measurements Using			2017
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Financial Assets:				
Cash	1,132,933	–	–	1,132,933

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12. RISK AND FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents are placed with two major Canadian financial institutions. The Company is not exposed to significant credit risk on its cash and marketable securities as all have been placed with major financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31, 2017	June 30, 2017
Cash	\$ 1,132,933	\$ 1,715,921
	1,132,933	1,715,921

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's reclamation deposits are restricted from being disposed for cash. At December 31, 2017, the cash and cash equivalents balance of \$1,132,933 (June 30, 2017 - \$1,715,921) is sufficient to meet the business requirements for the coming year. However, the Company may raise additional equity and debt to fund its operations during the balance of fiscal 2018 as may be required. At December 31, 2017, the Company had accounts payable and accrued liabilities of \$115,393 (June 30, 2017 - \$98,259), which are due during the third quarter of fiscal 2018.

(c) Interest Rate Risk

In management's opinion, the Company is not exposed to significant interest rate risk.

(d) Foreign Currency Risk

The Company's currency risk exposure arises from transactions denominated in foreign currencies. An exposure to foreign exchange risk arises primarily with respect to the US dollar. The Company incurs mineral exploration expenditures denominated in the US dollar. Fluctuations in the exchange rates between the US dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity currency risk is immaterial.

(e) Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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2. RISK AND FINANCIAL INSTRUMENTS (continued)

(f) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as market prices, foreign exchange rates and interest rates. In management's opinion, the Company is not exposed to significant market risk.

13. SEGMENTED DISCLOSURE

The Company has one operating segment: mineral exploration. The Company operates in one geographical segment, the United States of America. Corporate administrative activities are conducted in Canada. All non-current assets of the Company are located in the US, as disclosed in Notes 6 and 7.

14. SUBSEQUENT EVENTS

On January 8, 2018, 435,425 warrants, exercisable at \$0.15 per warrant, expired unexercised.

During the month of January, 1,233,000 warrants were exercised at a price of \$0.30 each for gross proceeds of \$369,900.

On January 9, 2018, the Company applied to the TSX Venture Exchange to extend the expiry date for 2,932,863 of its outstanding unlisted common share purchase warrants. The Warrants, each of which is currently exercisable to purchase one common share of the Company at \$0.65 per share, were originally issued by the Company as part of non-brokered unit private placement financing completed in September 2016. The Company will extend the expiry date of the Warrants to 4:30 pm PST on September 9, 2018 subject to TSX Venture Exchange approval. The Company currently has an aggregate of 3,103,787 Warrants issued and outstanding pertaining to the Private Placement, of which only 2,932,863 Warrants are eligible for amendment, pursuant to the policies of the Exchange. A total of 170,924 Warrants issued as finders' warrants under the Private Placements are not eligible for amendment.