



## **GREAT QUEST FERTILIZER LTD.**

### **Management's Discussion and Analysis for the for the nine months ended September 30, 2017**

*The information in this management discussion and analysis ("MD&A") is as of November 28 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the period ended September 30, 2017 and the audited consolidated financial statements for the years ended December 31, 2016 and December 31, 2015. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).*

### **FORWARD LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to Great Quest Fertilizer Ltd. (the "Company" or "Great Quest" or "GQ") and its subsidiaries that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to the business of the Company including, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

### **DESCRIPTION OF THE CORPORATION**

The Company is a resource development company whose principal business activity includes the acquisition, exploration and development of agriculturally related minerals for regional markets. The Company holds phosphate and gold mineral resource projects located in Mali, West Africa. The registered address of the Company is located at 10<sup>th</sup> floor, 595, Howe Street, Vancouver, British Columbia. The management of its financing, cash and investments in resource companies is carried out at the Company's head office located in Canada. Corporate direction of the Company's exploration office in Bamako, Mali is carried out through the Company's wholly owned subsidiary, Great Quest (Barbados) Limited, which owns Great Quest Mali SA ("GQ Mali"). GQ Mali is the majority shareholder (94%) of Engrais Phosphates du Mali SA ("EPM"). All interests in mineral properties in Mali are held by Great Quest Mali SA.

All dollar figures included herein are expressed in Canadian dollars unless otherwise indicated.

Additional information about the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") under the Company's profile at [www.sedar.com](http://www.sedar.com) and is available online on the Company's website at [www.greatquest.com](http://www.greatquest.com). The Company's common shares ("Common Shares") are listed on the TSX Venture Exchange under the symbol "GQ"

## HIGHLIGHTS AND SUBSEQUENT EVENTS

The following are highlights of events that occurred during and subsequent to the nine months ended September 30, 2017.

### Operations

#### *Agronomic trials*

The fourth and final year of the agronomic testing program is under way. The program consists of a total of 122 farm trials using GQ fertilizer products on 11 different crops and across seven agricultural regions of Mali. The harvest is expected at the end of the current quarter and results of the trials are expected in the first quarter of next year.

#### *Property Permits*

Preparation work is still ongoing for a mining licence (Permis d'exploitation) application with respect to a small-scale production.

#### *Pitting work on the Tilemsi project*

Work is expected to resume this quarter after a brief halt due to the prolonged rainy season and upon recommendation from the drilling contractor. The program of 38 pits is designed to upgrade part of the existing inferred resource (please see note below on the inferred resource) into a measured and/or indicated status.

### Situation in Mali

The African Development Bank reported on its outlook on Mali that economic growth is expected to be above its trend rate at around 5.4% in 2017 and 5.0% in 2018 and inflation rates of 0.9% and 1.6% respectively for these two years.

It is reported that France and US have pledged more funding towards the security in the Sahel region.

Risks pertaining to operations in foreign countries are described within the section "Risks and Uncertainties".

## OPERATIONS

### FERTILIZER – TILEMSI PHOSPHATE

The Company is pursuing its plan to become a Pan African fertilizer manufacturer. The objective is to develop agricultural mineral projects in Africa for local production and distribution of field ready fertilizers.

Our Tilemsi phosphate project is located in Mali, West Africa and will serve Mali and West Africa. The African continent is home for 60% of the world's arable land (*AGRA - Africa Agriculture Status Report – Focus on Staple Crops, 2013*), yet in West Africa, only 23-30% of the arable land is currently cultivated. Africa is the continent where the fastest agricultural and economic growth is occurring. Since 2000, 62% of all large land purchases for agriculture took place in Africa (*GRAIN*). African Agriculture is expected to grow from \$280 billion annually in 2010 to \$500 billion by 2020 (*AGRA Alliance*). In 2013, Africa was the continent with the fastest growing economies, 5.6% GDP Growth (*World Bank Statistics*).

## 2017 Agronomic trials on farms

The encouraging results in the previous successful three trials using GQ fertilizer formulations, produced from phosphate of the Tilemsi project, led to the fourth and final trial on farms. The 122 agronomic trials of the 2017 edition, covered seven agricultural regions and main crops produced in Mali.

Crops	Number of Trials
Corn	18
Sorghum	20
Groundnut	9
Cowpea	6
Cotton	18
Millet	6
Upland Rice	7
Irrigated Rice	23
Lowland Rice	5
Submersion Rice	5
Wheat	5
<b>TOTAL</b>	<b>122</b>

The program is designed to include a fair representation of Mali's crops (as above) and the agronomic regions (Kayes , Koulikoro, Ségou, Sikasso, Mopti , Tombuktu and GaO ) of the country. The distribution of the trials is as follows;

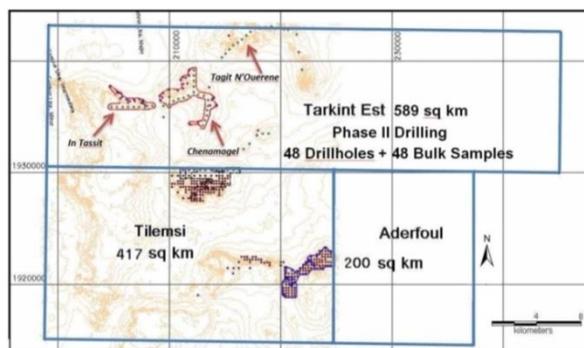
Agricultural region	Counseling service	Communities	Cultures	Number of test
Kayes (17)	CMDT	Kita	Cotton,	5
	Sector	Kita, Central Sector	Groundnut, Corn, Sorghum	6
	DRA	Central Sector, Kayes	Groundnut, Cowpea, Sorghum	6
Koulikoro (38)	DRA	Koulikoro Sector	Sorghum, Millet, Groundnut,	6
	SG 2000	South zone of Mali	Sorghum, Corn, Upland rice	6
	OHVN	Bancoumana Kangaba, Dangassa Ouelessebouyou, Gouani	Groundnut, Corn, Cotton, Sorghum, Upland rice	20
	CMDT	Fana	Cotton, Sorghum, Corn	6

Ségou (21)	DRA	Segou Sector	Millet, Cowpea, sorghum	6
	Office du Niger	Zone Office du Niger	Irrigated rice	5
	Office Riz	Zone office Rice	Irrigated rice	5
	ARS San	San Perimeter	Irrigated rice	5
Sikasso (25)	DRA	Sikasso Sector	Corn, sorghum, lowland rice	5
	ODRS	Selingué Sector	Irrigated rice	3
	CMDT	Sikasso, Koutiala Bougouni	Cotton, sorghum, upland rice Corn	15
Mopti (11)	DRA	Mopti Sector	Millet, Cowpea, Groundnut	6
	Office riz	Zone Office Mopti	Irrigated rice	5
Tombouctou (5)	DRA	Diré Zone	Wheat	5
Gao (5)	DRA	Central Sector	Submersion rice	5
<b>TOTAL</b>				<b>122</b>

Results for these trials are expected after the harvest at the end of the first quarter of 2018.

### Geology of the Tilemsi Project

Mining operations in Mali are carried out under the Mining Code which came into force on June 21, 2012. The new Mining Code provides for different classes of mineral titles, including the research permit (“Permis de recherche”) which the Company holds on each of its properties. The permit is issued through a decree, (“Arrete”), for a specific area (“property”). The Arrete is normally preceded by an agreement, (“Convention”) between the government of Mali and the permit holder. The Company’s Tilemsi Phosphate project encompasses 1,206 km<sup>2</sup> in the Tilemsi valley of eastern Mali, prospective for phosphate mineralization. The project comprises three properties – Tilemsi, Tarkint Est and Aderfoul – each with a research permit (“Permis de recherche”) held in the name of GQ Mali, which is a subsidiary of the Company.



The Tilemsi Project – Phase I (Tilemsi) and Phase II Tarkint Est drilling programs

#### The Tilemsi property

The Tilemsi research permit (ARRETE No 2011 – 0352/MM-SG DU) which covers an area of 417 km<sup>2</sup> was issued on February 4, 2011 to EPM and transferred to GQ Mali on February 13, 2014. On November 9, 2016, the permit was renewed for a further two years. The permit is centered at 17°24' North (N) and 0°17' East (E) with four corners located at 17°26'30"N and 0°10'00"E, 17°26'30"N and 0°24'35"E, 17°18'07"N and 0°24'35"E, and 17°18'07"N and 0°10'00"E.

The Tilemsi property hosts the two target areas of the Company’s phase I drilling program carried out in June/July 2011, namely Alfatchafa and Tin Hina.

### *Tarkint Est research permit*

Adjoining to the north and contiguous to the Tilemsi research permit, the Tarkint Est permit (ARRETE No 2011- 4050/MM-SG DU originally issued on February 16, 2011) was re-issued on October 7, 2011 for an expanded area of 589 km<sup>2</sup> with four corners located at 17°33'17"N and 0°10'00"E, 17°33'17"N and 0°35'56"E, 17°26'30"N and 0°35'56"E, and 17°26'30"N and 0°10'00"E. The permit was acquired through an agreement which provides for Great Quest to earn a 97% interest in the permit, subject to a 3% retained carried net profit interest. On February 20, 2013 the permit was transferred to GQ Mali. On November 9, 2016, the permit was renewed for a further two years.

The Tarkint Est property hosts the three target areas of the Company's Phase II drilling program carried out in November 2011, namely In Tassit, Chenamaguel and Tagit N'Ouerene.

### *Aderfoul research permit*

The Aderfoul property is contiguous to the east of the Tilemsi and covers an area of 200 km<sup>2</sup>. The research permit (ARRETE No 2013-0137/MM-SG DU) was issued to GQ Mali on January 17, 2013. The four corners of the permitted area are located at 17°26'30"N and 0°24'35"E, 17°26'30"N and 0°31'40"E, 17°18'07"N and 0°31'40"E, and 17°18'07"N and 0°24'35"E. On October 11, 2016, the permit was renewed for a further two years.

Assays on outcrop samples AFL17 through AFL20 (see below) collected from the Aderfoul permit in October 2013 returned the first results from that permit and proved its prospectivity, with phosphate grades in excess of 30% P<sub>2</sub>O<sub>5</sub>. These new results extend mineralization for more than 1,000m along strike from the boundary of the resource block of Tin Hina (20 million tonnes at 24.24% P<sub>2</sub>O<sub>5</sub>).

### **Inferred resources**

*(Estimates are rounded since the figures are not precise calculations.)*

Phosphate deposits in the Tilemsi area are sedimentary in origin, having been deposited in a marine environment. The deposits are similar to those found in Florida, USA and Morocco.

The Phases I and II drilling programs, completed in 2011 on the Tilemsi and Tarkint Est permits, enabled a combined NI 43-101 compliant inferred resource\* of approximately 50 million tonnes (Mt) at an average grade of 24.3% P<sub>2</sub>O<sub>5</sub> and cut-off grade of 10% to be generated.

Permit of	Program	Area	Area (km <sup>2</sup> )	Number of holes drilled	Drilled (m)	Estimate (Mt)
Tilemsi	Phase I	Tina Hina	6.75	142	1,727	32.6
		Alfatchafa	6.70	127	3,156	
Tarkint Est	Phase II	Tin Siriden	12.17	48	608	17.4
		Chenamaguel				
		Tagit N'Ouerene				
<b>Total Phase I &amp; II</b>			<b>25.62</b>	<b>317</b>	<b>5,491</b>	<b>50.0</b>

### **Summary Inferred Resource Estimate\* – Tilemsi Project (Phases I and II)**

#### \* CAUTIONARY NOTE ON INFERRED RESOURCE

(i) *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*

(ii) *The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*

(iii) *The mineral resources in this report were estimated using the Canadian Institute of Mining,*

## **Preliminary Economic Assessment (“PEA”)**

On May 1, 2015, the Company filed a revised PEA on the Tilemsi Phosphate project on SEDAR ([www.sedar.com](http://www.sedar.com)). The PEA was based on the inferred resource of 50 Mt (as described above) and metallurgy tests performed by Mintek (South Africa) on the samples taken from the properties.

The PEA refers to two phases of development of the project: Phase I conceptual development of the TPP evaluates the economics of a pilot scale mining and processing of 40,000 tonnes of phosphate rock, with a processing unit located at Dogofry, 1,024 km south west of the mine. Phase I was developed to test the technical and economic viability of granulated phosphate in local market, which showed promise in the agronomic tests carried out over the past two years. If the results of the Pilot Plant Operations – Phase I are positive, Great Quest will develop resources to the extent possible for the Large Scale Phase II Operations.

Phase II consists of a beneficiation study that was prepared, based on laboratory mineral processing and metallurgy on the Tilemsi rock, for the construction of a phosphate beneficiation plant and its associated infrastructure and utilities along the Niger River, near Bourem in northeastern Mali. The plant will initially process 400 kt/a in the first year and ramp up to 1 Mt/a in year 4 to year 17. Two grades of phosphate rock (PR) concentrate will be produced—Medium Grade (MG) with >27% P<sub>2</sub>O<sub>5</sub> and High Grade (HG) with >35% P<sub>2</sub>O<sub>5</sub>.

A study was done on the granulation of the Hyperphosphate Medium Grade (>27% P<sub>2</sub>O<sub>5</sub>) and Hyperphosphate High Grade (>35% P<sub>2</sub>O<sub>5</sub>) products. The granulation project at Bourem consists of 500 kt/a of phosphate granulation as a first stage, with an additional two lines of 300 kt/a each to be installed in Year 3 to meet the increased production requirements.

## **Indicative Economics**

Readers are cautioned that this analysis is only a preliminary assessment based on conceptual mine plans and process flow sheets and inferred mineral resources, which are considered to be highly speculative geologically. There is no certainty that this PEA will be realized.

An economic analysis on the conceptual engineering design and costing was performed by generating a basic discounted cash flow. This cash flow used costs in current terms (fourth quarter 2014); no escalations to costs over time, taxes, or royalties were applied. This approach was considered appropriate for the conceptual levels of work undertaken. The purpose of undertaking this evaluation was to determine the economic potential of the TPP and to motivate further work if appropriate.

<b>Project</b>	<b>Phase I - Pilot Plant Operations</b>
Project Cost	USD 23.07 Million
Tonnage processed per annum	40,000 Tonnes (T)
Production	<ul style="list-style-type: none"> <li>➤ 25,200 tonnes of granulated Phosphate high grade</li> <li>➤ 10,400 tonnes of granulated Phosphate medium grade</li> <li>➤ 96,691 tonnes of NPK produced from the above medium and high grade granulated phosphate.</li> </ul>
Product pricing	<ul style="list-style-type: none"> <li>➤ USD 330/ tonne for granulated Phosphate medium grade</li> <li>➤ USD 450/ tonne for granulated Phosphate high grade</li> <li>➤ USD 45/ tonne for blending granulated Phosphate to NPK products</li> </ul>
Rejects	4,400 tonnes per year of material with a low phosphate content (5% P <sub>2</sub> O <sub>5</sub> )
Operating costs	USD 119.22 /tonne of NPK produced Mining costs USD 29.87/ tonne of mining materials

	Transport USD 74.48/tonne of mining materials Plant USD 75.13/ tonne of NPK produced
Turnover	USD 19.12 Million per year <b>PHOSPHATE HIGH GRADE \$11.3 M</b> <b>PHOSPHATE MEDIUM GRADE \$3.4 M</b> <b>BLENDING SERVICES \$4.4 M</b>
IRR PROJECT	29.54%
NPV PROJECT at 12%	USD 14.02 M
Discounted Payback	4.16 years

## Phase II – Large Scale Operations

The total Capital Expenditure (CAPEX) required for the first two years of Project construction is approximately USD157.9 million (USD147.7 million in construction costs and USD10.2 million for feasibility studies and initial project development). It is assumed that a mix of debt and equity on a 60/40 debt/equity ratio shall be used to fund the total financing requirement for the construction phase and that project operating cash will fund the additional investments.

CAPEX during construction (initial CAPEX) and operation (development or expansion, and maintenance CAPEX) are shown in the table below.

(IN USD 000)	<b>CAPEX for Phase II - TPP</b>				
	<b>MINING</b>	<b>BENEFICIATION</b>	<b>GRANULATION</b>	<b>OTHER</b>	<b>TOTAL</b>
Initial CAPEX	29,043	72,731	37,832	18,313	<b>157,919</b>
Development CAPEX	7,568	13,348	39,869	-	<b>60,785</b>
Maintenance CAPEX	29,355	14,176	-	2,900	<b>46,431</b>
<b>TOTAL</b>	<b>65,699</b>	<b>100,255</b>	<b>77,701</b>	<b>21,213</b>	<b>265,135</b>

The results of the basic economic analysis undertaken are shown below:

### **Phase II - TPP**

PROJECT IRR: 37.9%  
NPV @12%: USD 358.5 M  
PAYBACK @12%: 3.0 years

Debt and equity financing costs including political risk insurance premium are estimated at USD28.3 M.

### **EQUITY**

#### **40% Equity Financing - Total required equity of USD70.2 M**

EQUITY IRR: 55.0%  
NPV @12%: USD 355.1 M  
PAYBACK @10%: 2.4 years

## Major Conclusions and Recommendations

Based on the work undertaken, the following strongly support the potential viability for the TPP:

- (i) The economic results for TPP are excellent, especially for a large mining infrastructure project, indicating an economically significant resource.
- (ii) The sensitivity analysis also shows good results, even when making extreme assumptions.
- (iii) The results of the PEA strongly support the potential of a viable mine at Tilemsi, commencing production of 400 kt/a phosphates building to 1 Mt/a by Year 4 with a 20-year LOM.
- (iv) Landlocked countries like Mali and other West African countries pay large sums for supply chain components, such as in-transit transportation from port to national markets, port handling charges, production, and financing. Facilities like those proposed for TPP, near these markets, offer added advantages in reducing prices and promoting timely delivery of quality fertilizers to farmers.
- (v) The current level of fertilizer use in West Africa is very low. With the population set to double over the next four decades, a several-fold increase in fertilizer use will be needed to secure future food requirements. Under the Abuja Declaration target, phosphate fertilizer use will have to be increased from 184,000 t of P<sub>2</sub>O<sub>5</sub> in 2010 to 1,792,000 t in 2020 and 2,079,000 t in 2030 according to demand projections. The realizable potential will still be 537,000 t in 2020 and over one million tonnes in 2030.
- (vi) An appropriate strategy for marketing the TPP future production will be required. An appropriate strategy will be based on agro-dealer-based extension and promotional efforts and will include agronomic trials, seeding programs, partnerships with stakeholders (i.e. regulation), and investments in downstream distribution opportunities.
- (vii) Further exploration drilling to both indicated and measured levels should be done with aircore drills.
- (viii) Power costs (the PEA assumes the use of diesel generators) are a major factor in the operating costs; alternative, cheaper sources should be investigated.
- (ix) Logistics is one of the most critical issues for TPP due to the large distances from the mine to the various West African markets and sea ports.
- (x) A detailed feasibility study is required to bring TPP to bankable level.
- (xi) A social and environmental impact study is required.

*Readers are cautioned that a Preliminary Economic Assessment (PEA) is conceptual in nature and is based on mine plans, process flowsheets and inferred mineral resources, which are considered to be highly speculative geologically. There is no certainty that a PEA will be realized.*

For further details, readers are advised to refer to the full PEA report available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## EXPLORATION TEAM AND QUALIFIED PERSON

The Company operates from its exploration office in Bamako, Mali. The Company employs a senior geologist in Mali to assist with planning and reporting of all geological activities in Mali. The geological staff is augmented with independent geologists on contract to assist with both its Tilemsi phosphate and gold projects.

Louis Eksteen, B.Eng. (Met), a Qualified Person as defined by National Instrument 43-101 is a consulting engineer with the Company. He completed his B.Eng. in Extractive Metallurgy at the Potchefstroom University in South Africa in 1994 and works internationally on mineral beneficiation and agglomeration projects. He has consulted on other Phosphate projects in South Africa and Angola. Mr Eksteen is a Fellow of the South African Institute of Mining and Metallurgy (SAIMM).

Mr. Jed Diner M.Sc., P.Geol. is the Qualified Person, as defined by NI 43-101 and its Companion Policy, and he is responsible for the review of technical reporting by the Company, including the technical aspects of this MD&A. Mr. Diner graduated with a Bachelor of Science from Hebrew University, Israel, and a M.Sc. in Applied Earth Science, Ore Deposits and Exploration from Stanford University, California. Fluent in several languages, Mr. Diner is an international consultant on mineral deposits including gold and phosphates.

Both Mr. Eksteen and Mr. Diner have reviewed and approved the technical contents of this document.

## OVERVIEW OF PERFORMANCE

During the nine months ended September 30, 2017, the Company's total assets decreased by \$546,308 to \$6,111,958 from \$6,658,266 at December 31, 2016. The Company's working capital at September 30, 2017 was \$1,056,496.

### RESULTS OF OPERATIONS

The Company's operations consist of the exploration and development of mineral concessions in Mali, the maintenance of a head office in Canada, and the maintenance of an exploration office in Mali.

#### ***Nine months ended September 30, 2017 compared with nine months ended September 30, 2016***

The comprehensive loss for the nine months ended September 30, 2017 was \$914,032 or \$0.02 per share compared to \$538,406 or \$0.01 per share for the corresponding period during the previous year. The increase in net loss of \$375,626 was mainly due to:

- (i) an increase of \$38,112 in consulting from \$5,086 in 2016 to \$43,198 due to consulting fees incurred with regards to Malian operations;
- (ii) an increase of \$11,226 in exploration and evaluation property expenses from \$Nil in 2016 to \$11,226 due to expenses incurred with respect to gold properties that have already been impaired;
- (iii) an increase of \$32,184 in investor relations from \$4,971 in 2016 to \$37,155 due to a program of investor information and road shows carried out since Q2;
- (iv) an increase of \$27,279 in management fees from \$270,716 in 2016 to \$297,995 due to payment for services not previously recorded in the books;
- (v) an increase of \$22,586 in promotion, travel and shareholder relations, from \$28,085 in 2016 to \$50,671 due to higher travels to the project site;
- (vi) an increase of \$64,147 as interest accretion with respect of the convertible note from \$189,342 in 2016 to \$253,489 due to higher amount outstanding.

- (vii) an increase in share-based compensation of \$46,949 from \$56,698 in 2016 to \$103,647 due to higher vesting and new grants in Q2, 2017;
- (viii) a gain of \$50,027 arising from the settlement of related party debts in 2016;
- (ix) a deferred income tax gain in 2016 of \$120,919 due to the equity portion of the convertible debenture issued in 2016
- (x) an unrealized gain of \$10,865 with respect to increase in market value of investments.

### **Three months ended September 30, 2017 compared with three months ended September 30, 2016**

The comprehensive loss for the three months ended September 30, 2017 was \$318,965 or \$0.01 per share compared to \$254,304 or \$0.01 per share for the corresponding period during the previous year. The increase in net loss of \$64,661 was mainly due to:

- (i) an increase of \$17,641 in consulting from \$Nil in 2016 to \$17,641 due to consulting fees incurred with regards to Malian operations;
- (ii) an increase of \$10,502 in investor relations from \$78 in 2016 to \$10,580 due to a program of investor information and road shows carried out since Q2:
- (iii) a decrease of \$11,998 in office and general mainly from \$33,664 in 2016 to \$21,666, mainly due to timing of listing expenses;
- (iv) an increase in share-based compensation of \$28,552 due to higher vesting and new grants in Q2, 2017;
- (v) a decrease of \$28,376 as interest accretion with respect of the convertible note from \$112,803 in 2016 to \$84,427 due to effective date of loan.
- (vi) an increase of \$11,977 as interest accretion with respect of the convertible note from \$76,539 in 2016 to \$88,516 due to higher amount outstanding.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's working capital amounted to \$1,056,496 at September 30, 2017. Management is working towards obtaining the financing for the small-scale project, which amounts to around \$25M.

## **RELATED PARTY TRANSACTIONS**

Key management personnel are officers and directors, or their related parties, who hold positions in the Company and its subsidiaries, that result in these officers and directors having control or significant influence over the financial or operating policies of those entities. These include the members of the Board, current and former Chief Executive Officers, Presidents, Chief Financial Officers and the Chief Operating Officer.

The following entities transacted with the Company in the reporting period.

### *Transactions with key management personnel*

**The aggregate value of transactions with key management personnel being directors and key management personnel were as follows:**

	<b>Nine months ended September 30</b>			
	<b>2017</b>		<b>2016</b>	
Compensation				
Short term benefits, including fees and salaries	\$	297,995	\$	270,716
Share-based compensation		76,205		45,134
<b>Total</b>	<b>\$</b>	<b>374,200</b>	<b>\$</b>	<b>315,850</b>

At September 30, 2017, the amounts payable with respect to management fees were as follows:

Related party balances payable	September 30 2017	December 31 2016
Mr. Mohammed Bouhsane (COO)	\$ 216,667	\$ 216,667

## SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for the last 8 quarters is as follows:

Quarter	Revenue	Comprehensive loss	Net earnings (loss) per share
2017 3 <sup>rd</sup> Q (IFRS)	\$ -	\$ (318,965)	\$ (0.01)
2017 2 <sup>nd</sup> Q (IFRS)	\$ -	\$ (301,034)	\$ (0.01)
2017 1 <sup>st</sup> Q (IFRS)	\$ -	\$ (294,033)	\$ (0.01)
2016 4 <sup>th</sup> Q (IFRS)	\$ -	\$ (1,494,131)	\$ (0.03)
2016 3 <sup>rd</sup> Q (IFRS)	\$ -	\$ (254,304)	\$ (0.00)
2016 2 <sup>nd</sup> Q (IFRS)	\$ -	\$ (268,934)	\$ (0.01)
2016 1 <sup>st</sup> Q (IFRS)	\$ -	\$ (136,087)	\$ (0.00)
2015 4 <sup>th</sup> Q (IFRS)	\$ -	\$ (99,691)	\$ (0.00)

Net loss is primarily a result of administrative costs that coincide with fluctuations in activity within the Company. Fluctuations that are not a result of consistent administrative costs are:

**2017 3<sup>rd</sup> Q** – Share-based payment of \$60,782. Convertible note accretion of \$88,516 and unrealized loss on investments of \$8,149.

**2017 2<sup>nd</sup> Q** – Share-based payment of \$26,415. Convertible note accretion of \$84,427

**2017 1<sup>st</sup> Q** – Unrealized gain on investment of \$19,014. Share-based payment of \$16,450. Convertible note accretion of \$80,546

**2016 4<sup>th</sup> Q** – Impairment of gold exploration properties of \$1,357,199. Share-based payment of \$28,209. Convertible note accretion of \$79,395

**2016 3<sup>rd</sup> Q** – Share-based payment of \$32,230. Convertible note accretion of \$76,540

**2016 2<sup>nd</sup> Q** – Share-based payment of \$9,998. Convertible note accretion of \$112,803.

**2016 1<sup>st</sup> Q** – Share-based payment of \$14,470. Gains on settlement of debt of \$54,767.

**2015 4<sup>th</sup> Q** – Unrealized losses on investments of \$7,933. Share-based payment reversal of \$57,839.

## SELECTED ANNUAL INFORMATION

Summary of the Company's financial operating results for the years ending December 31, 2016, 2015 and 2014.

	IFRS		
	2016	2015	2014
Net loss for the year	\$ (2,153,456)	\$ (1,131,485)	\$ (3,546,613)
Loss per share	(0.04)	(0.02)	(0.07)
Total assets	\$ 6,658,266	\$ 5,730,750	\$ 5,766,435

## RISK AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is a probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to support the commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

Exploration risks. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both on short term and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price risks. The Company's exploration projects for phosphate and gold in Mali have exposure to price risks of both. While there has been an increasing interest in fertilizers, including phosphates and gold resulting in price increases there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favor this set of commodities. Phosphate prices may be affected by industrial market variations, economic considerations and supply route availability. Gold price volatility can be expected due to a number of political and economic factors, including exchange ratings on the United States dollar. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and the value of its securities and the securities it holds of other companies which are similarly exposed to the commodity price risks of gold and phosphate rock.

Financing risks. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon raising equity in the capital markets to provide financing for its continuing substantial exploration budgets.

While the Company has been successful in obtaining financing from the capital markets for its projects recently, there can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies such as the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel risks. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel and management in Mali and its ability to attract and retain key management and technical personnel for its projects, and provide safety and security of personnel in remote areas. The Company does not maintain "key man" insurance policies on individual employees or

consultants to the Company, but does hold appropriate operating insurance. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities of merit available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Foreign Countries and Regulatory Requirements. Currently, the Company's principal properties held by its subsidiaries are located in Mali. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, geographical and political risk. Both mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability, local conditions, and government changes to the operating environment and regulations relating to the mining industry.

Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business or ability to operate and carry out normal industry operations and engagement of international consultants and personnel. Travel and access to the projects may be curtailed due to political instability, risks to personnel in remote areas, or contagion. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental legislation, water use, labour standards and workplace safety.

The Company maintains the majority of its funds in Canada and only transfers sufficient funds to Mali in order to meet current obligations.

Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, personnel and corporate taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in exploration contractor services, production, and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to carry out exploration or to commence production on the Company's properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The exploration projects may be in areas where villages exist and parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of

production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

*History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations.* The Company has incurred net losses to date. The Company has not yet had any operating revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. The Company is an exploration stage company and even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce operating revenue, operate profitably or provide a return on investment from its mineral resource projects in the future.

*Uninsurable risks.* The Company and its subsidiaries may become subject to liability for pollution, fire, explosion, transportation, operational delays, political and other risks or adverse circumstances against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury or additional expenses and liabilities. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

## FINANCIAL INSTRUMENTS

The Company classifies its financial instruments into one of the following five categories: fair value through profit or loss ("FVTPL"); available-for-sale; held-to-maturity; loans and receivables; and other financial liabilities. All financial instruments are initially measured at fair value. Financial instruments classified as FVTPL or available-for-sale are subsequently measured at fair value with any change in fair value recorded in profit or loss and other comprehensive income, respectively.

All other financial instruments are subsequently measured at amortized cost. All derivative financial instruments, including derivative features embedded in financial instruments or other contracts but which are not considered closely related to the host financial instrument or contract, are generally classified as FVTPL and, therefore, must be measured at fair value with changes in fair value recording in profit or loss. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in profit or loss.

### *Fair value*

The Company's financial assets and liabilities consist of cash and cash equivalents, investment, accounts payable and accrued liabilities, amounts due to related parties and convertible note. The market volatility, liquidity and timing of disposal may affect the price that is realized on shares of mineral companies held by the Company and the value of shares held over time. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the non-share financial instruments. The fair value of these financial instruments, other than shares, approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The Company's cash and cash equivalents and investment in Granite Creek Gold Ltd. have been valued using level I techniques.

*Financial Risk Management:*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

*Credit Risk*

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

*Currency Risk*

The Company's functional currency is the Canadian dollar. There is foreign exchange risk to the Company as some of its mineral property interests and resulting commitments are located in Mali. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

As at September 30, 2017, the Company was exposed to currency risk through the following monetary assets and liabilities in Mali FCFA:

	Canadian \$ equivalent
Cash	\$ 40,193
Accounts Payable	\$ 61,187
Foreign exchange rate at June 30, 2017	0.00225

Based on the net exposures at September 30, 2017, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Mali FCFA would not have a material impact on the Company's net earnings.

*Interest Rate Risk*

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash and cash equivalent is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates.

*Price Risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company's investment in Granite Creek Gold Ltd. shares are subject to fluctuations in market prices. The Company does not engage in any activities to mitigate this risk.

*Liquidity Risk*

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company has a working capital of \$1,056,496 at September 30, 2017. All of the Company's financial liabilities, except for related party payables, have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

## **LEGAL CLAIMS AND CONTINGENT LIABILITIES**

At November 28, 2017, there were no material legal claims or contingent liabilities outstanding.

## ACCOUNTING STANDARDS

*Future changes in accounting policies not yet effective as at September 30, 2017*

### 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 single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

### Financial instruments

The new standard IFRS 9 - Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.

### Leases

IFRS 16 - Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

### Amendments to IAS 28 Investments in Associates and Joint Ventures

These amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for reporting periods beginning on or after January 1, 2018.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

The Company is continuously evaluating new opportunities and while various negotiations may be ongoing at any given time, these may or may not be successful. This includes any potential financing transactions and there are no Letters of Intent with any third parties at this time. Expenditures on evaluations are kept to a minimum, and any discussions may or may not result in agreement(s) for consideration by the Board of Directors.



**GREAT QUEST FERTILIZER LTD**  
**Corporate Information**  
**(At November 28, 2017)**

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**DIRECTORS & OFFICERS**

John A. Clarke, Chairman, Director<sup>1</sup>  
Jed Richardson, President & CEO, Director  
Gordon R. Peeling, Director<sup>1</sup>  
David Shaw, Director<sup>1</sup>  
Jayram Hosanee, CFO & Corporate Secretary  
Mohammed Bouhsane, Chief Operating Officer

**INVESTOR RELATIONS**

Toll Free: +1 877 325 3838

<sup>1</sup> *Members of the Audit committee*

**STOCK EXCHANGE LISTINGS**

TSX Venture Exchange (TSX-V) Trading Symbol "GQ"	Berlin-Bremen Exchange Trading Symbol "GQM"	Frankfurt Exchange Trading Symbol "GQM"
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**SHARE CAPITAL**

Authorized:	Unlimited
Issued:	53,717,267
Options:	4,530,000
Warrants:	2,976,166
Fully Diluted	61,223,433

**TRANSFER AGENT & REGISTRAR**

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