



## GREAT QUEST FERTILIZER LTD.

### Management's Discussion and Analysis for the for the nine months ended September 30, 2018

*The information in this management discussion and analysis ("MD&A") is as of October 11, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the period ended September 30, 2018 and the audited consolidated financial statements for the years ended December 31, 2017 and December 31, 2016. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).*

*The condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.*

#### **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 GQ Mali.

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, 2018.

### Operations

#### *Property Permits*

On February 21, 2018, the Ministry of Mines of Mali re-issued the Sanoukou gold exploration permit to the Company. The permit is valid for three years with two successive renewals of two years each. On June 25, 2018, Aderfoul phosphate permit, one of the three permits comprising the Tilemsi project, was renewed for a final period of two years with effect from January 17, 2018.

Applications for the re-issuance of the Tilemsi and Tarkint Est phosphate research permits, expired in February 2018, have been lodged with the Malian Authorities. Permits in Northern Mali have been placed under force majeure since the conflict in 2012, Great Quest has continued business as usual, filing reports and renewal applications on schedule. The new permits are expected shortly.

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

Laboratory results from the sampling taken during the recent program of 38 pits, designed to upgrade part of the existing inferred resource (please see our news release dated April 30, 2015) into a measured and/or indicated status have been received. Strong results have been recorded and are between 22.5% and 33.5% P2O5, with 92% of the results were above the inferred resource average of 25.5% P2O5. Please see news release dated March 8, 2018 and a summary of the results below.

Further assays returned more than satisfactory results on the cadmium and uranium contents of the samples that are significantly lower than International standards. Please see below for further details and our news release of May 9, 2018.

Work is now underway for a technical report which aims at identifying a mineral resource.

#### *Land in Markala, Segou in Mali*

The Company has applied for a plot of land of over 2ha in Markala, in the Segou region, which lies in the main agricultural area of Mali. A positive response has been received from the “Ministere de l’Habitat et de l’Urbanisme” (Ministry of Lands and Urban Affairs) and the final procedures are in place for the allocation of the land to the Company.

#### *Exercise of warrants*

In August 2018, 5,000,000 warrants at a strike price of \$0.60 were exercised for a total of \$3,000,000.

#### *Cashew Project in Ivory Coast*

The Company identified a near-ready project consisting of the processing of up to 12,000 tons of cashew nuts in Ivory Coast. Ivory Coast boasts as the largest producer of cashew nuts (approximately 800,000 tons per year). Less than 6% of the production is processed in-country. The Ivory Coast government has implemented policies and incentives to increase processing to 15% in the immediate term. Further details are provided in our news release of October 2, 2018. Readers are cautioned that the project requires shareholders’ approval and Exchange approval. There is no guarantee that these approvals will be obtained.

### Situation in Mali

The newly re-elected President Mr. Ibrahim Boubacar Keita has appointed Mr. Soumeylou Boubeye Maiga as Prime Minister. Mrs. Lelenta Hawa Baba Bah, who formerly led the Directorate of Geology and Mines has been appointed as Mines Minister. It is reported that the new Mines Minister will oversee the Government’s bid to revise the Mining Code.

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

## OPERATIONS

### FERTILIZER – TILEMSI PHOSPHATE

The Company’s objective to become a Pan African fertilizer manufacturer and to develop agricultural mineral projects in Africa for local production and distribution of field ready fertilizers, is further enhanced by the positive results from the 2017 program on the Tilemsi property. A description of the permits is provided below.

#### **2017/18 Pitting program** *(Please see news release of March 8, 2018)*

The objective of the program is to increase resource confidence in a specified target area for mining. Great Quest has delineated an inferred resource of 50 million tonnes grading 24.8% P<sub>2</sub>O<sub>5</sub> (news release dated April 30, 2015).

Work from this recent program aims to upgrade small portions of this inferred resource to indicated and measured resources by reducing the grid to 250 X 250 m and 125 X 125 m. A total of 38 pits (21 in the target area for measured resources and 17 on the area of indicated resources) were executed with an objective of a ten-year mine life. This program was completed in a portion of the orebody with shallow overburden and representative grade. A total of 89 samples including duplicates, blanks and standards have been collected and submitted to the ALS laboratory in Bamako for preparation and assays at ALS Lab in South Africa with ME-XRF26 method. The weights of samples collected in the fields vary from five to eight kilos.

Thirty six holes intercepted the mineralized material, two were abandoned before hitting the zone. Strong results have been recorded and they vary from 22.5% to 33.5% P<sub>2</sub>O<sub>5</sub> over intercepts of 0.33m to 1.20m, from out crop to 6.25m depth. Results recorded on phosphates intersections are given below. 92% of the results were above the inferred resource average of 24.8% P<sub>2</sub>O<sub>5</sub>.

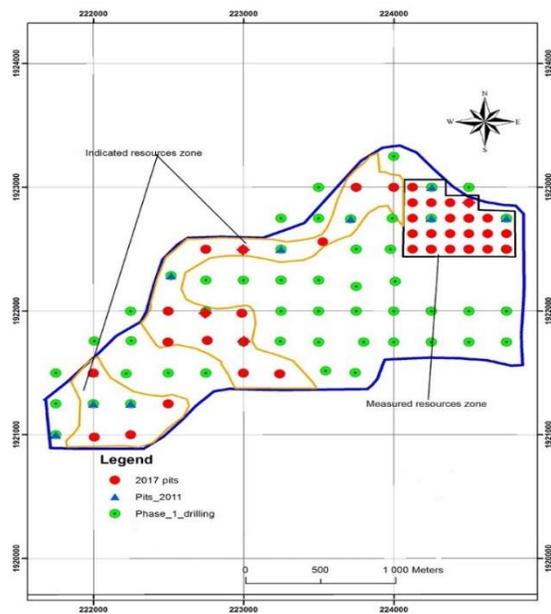
The program took advantage of the shallow depths and loosely consolidated ground and employed machine and hand dug pits to reduce the impact of grade smearing. Geologists were able to identify clear contacts between mineralized material and wall rocks. Since reverse circulation drilling was used to define the inferred resource, the higher quality sampling technique of this program may potentially increase the grade of the deposit.

#### **Full Results**

Index	SampleID	From (m)	To (m)	Length	P <sub>2</sub> O <sub>5</sub> (%)
1	THPS002	2.85	3.90	1.05	22.5
2	THPS006	2.70	3.85	1.15	27.3
3	THPS009	5.20	6.25	1.05	28.8
4	THPS013	2.70	3.75	1.05	31.6
5	THPS016	1.10	2.10	1.00	29.7
6	THPS019	0.65	1.70	1.05	32.2
7	THPS021	2.30	3.33	1.03	29.5
8	THPS023	3.00	4.10	1.10	32.6
9	THPS027	2.05	3.10	1.05	31.2
10	THPS031	1.10	2.15	1.05	32.2
11	THPS033	2.30	3.40	1.10	27.1

Index	SampleID	From (m)	To (m)	Length	P <sub>2</sub> O <sub>5</sub> (%)
12	THPS036	0.90	2.05	1.15	33.5
13	THPS039	2.60	3.75	1.15	29.7
14	THPS041	4.85	5.90	1.05	28.1
15	THPS043	4.10	5.15	1.05	28.6
16	THPS045	4.45	5.55	1.10	27.8
17	THPS047	3.05	4.10	1.05	29.8
18	THPS049	2.85	4.00	1.15	29.9
19	THPS052	0.45	1.40	0.95	28.9
20	THPS054	2.90	4.00	1.10	29.1
21	THPS057	1.75	2.75	1.00	30.4
22	THPS058	2.75	3.08	0.33	29.2
23	THPS061	2.15	3.20	1.05	28.2
24	THPS063	2.40	3.40	1.00	27.9
25	THPS065	1.60	2.35	0.75	26.9
26	THPS067	1.00	1.90	0.90	25.3
27	THPS070	0.20	1.05	0.85	26.5
28	THPS072	2.30	3.15	0.85	25.8
29	THPS074	2.60	3.40	0.80	28.4
30	THPS077	3.60	4.40	0.80	23.0
31	THPS079	1.60	2.60	1.00	27.2
32	THPS080	1.60	2.60	1.00	28.5
33	THPS082	-	1.10	1.10	23.2
34	THPS084	1.10	2.30	1.20	25.5
35	THPS086	3.10	4.30	1.20	29.1
36	THPS088	1.10	1.95	0.85	27.1

2017 pits location map



## Cadmium and Uranium contents *(please see our news release of May 9, 2018)*

As part of the in-process study to upgrade a portion of our large inferred phosphate resource, we analyzed our high-grade phosphate rock for cadmium and uranium, common contaminants found associated with phosphate production around the world. Results on assays performed by ALS on samples taken from our recent work at Tilemsi (see news release of March 8, 2018) returned a range for cadmium of 1 to 2.6 parts per million, with an average of 1.7 ppm (or 7.4 milligrams per kilogram of P<sub>2</sub>O<sub>5</sub>). For Uranium a range of 5 to 76 parts per million, at an average of 50 ppm was obtained.

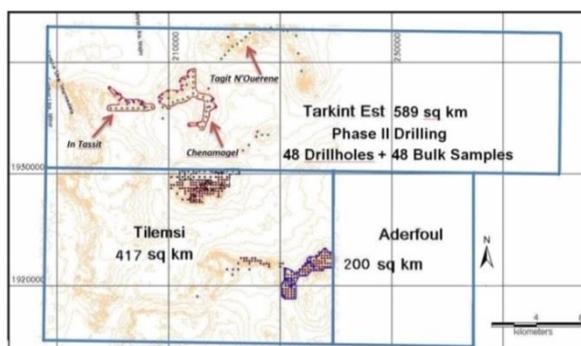
Cadmium is considered to be the most problematic because it does not dissolve in runoff. It builds up in the soil and often finds its way into the food we eat. The strictest guidelines for cadmium content in fertilizer are those of the European Union (EU) which prohibit the use of fertilizer containing more than 60mg of cadmium per kilogram of P<sub>2</sub>O<sub>5</sub> (Cd/kg P<sub>2</sub>O<sub>5</sub>). This cut-off level of 60mg Cd/kg P<sub>2</sub>O<sub>5</sub> means that a lot of the phosphate mined around the world cannot be sold in Europe. Moreover, recommendations have been put forward in the EU to tighten restrictions to 20mg Cd/kg P<sub>2</sub>O<sub>5</sub>, a level which many consider would be safe, but at the same time would make much of the world's current phosphate production unsaleable in the EU.

	<b>Cadmium (mg/kg P<sub>2</sub>O<sub>5</sub>)</b>	<b>Uranium (ppm)</b>
<b>Tilemsi (Mali)</b>	<b>7.4</b>	<b>5-76</b>
Morocco	55.0	80-120
Central Florida	24.0	59-200
Togo (West Africa)	147.0	77-110

Source: Phosphate Resources and Production by Hari Tulsidas & International Atomic Energy Agency

## 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. The permit expired in February 2018 and the Company re-applied for the permits. 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. In February 2018, the permit expired, and the Company applied for the re-issuance of the permit.

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 June 25, 2018, the Aderfoul permit was renewed for a final term of two years with effect from January 17, 2018.

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, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.*

### **Work planned on the Tilemsi Project**

In the context of upgrading the resource and the application for a mining licence, detailed topological survey of the Tilemsi mining target area and final fieldwork have been completed. Work on the technical report is currently being carried out.

The Environmental report is currently being updated to reflect the Company's development of the Tilemsi Project in Markala. The development of the Tilemsi project remains the Company's top priority.

## **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, 2018, the Company's total assets increased by \$2,411,401 from \$5,942,943 to \$8,354,344. The Company's working capital at September 30, 2018 was \$2,923,390.

### 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, 2018 compared with the nine months ended September 30, 2017***

The comprehensive loss for nine months ended September 30, 2018 was \$1,001,671 or \$0.02 per share compared to \$924,897 or \$0.02 per share for the corresponding period in the previous year. The increase in comprehensive loss of \$76,774 was mainly due to:

- (i) a decrease of \$11,226 in exploration and evaluation property expenses from \$11,226 in 2017 to \$nil due to expenses incurred with respect to gold properties that have already been impaired;
- (ii) an increase of \$34,475 in investor relations from \$37,155 in 2017 to \$75,630 due to an investor promotion project carried out this year;
- (iii) an increase of \$26,145 in management fees from \$297,995 in 2017 to \$324,140 due to payment one-off director fees in the current period;
- (iv) an increase of \$39,666 as interest accretion with respect of the convertible note from \$253,489, in 2017 to \$293,155 in accordance with the accounting of the convertible note.

#### ***Three months ended September 30, 2018 compared with the three months ended September 30, 2017***

The comprehensive loss for three months ended September 30, 2018 was \$295,643 or \$0.01 per share compared to \$318,965 or \$0.01 per share for the corresponding period in the previous year. The decrease in comprehensive loss of \$23,322 was mainly due to:

- (i) a decrease of \$17,880 in Share based payment from \$60,782 in 2017 to \$42,902 due to lower vesting in this period;
- (ii) an increase of \$13,852 as interest accretion with respect of the convertible note from \$88,516, in 2017 to \$102,367 in accordance with the accounting of the convertible note.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital amounted to \$2,923,390 at September 30, 2018. Management is working towards obtaining the financing for the small-scale project, which amounts to around \$25M.

The Company is pursuing its efforts in raising funds in order to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. To the extent financing is not available, the Company's financial commitments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Please refer to additional notes on going concern in note 1 to the financial statements.

## 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:**

Compensation	Nine months ended September 30	
	2018	2017
Short term benefits, including fees and salaries	\$ 192,890	\$ 297,995
Directors' fees	45,000	-
Share-based compensation	38,634	76,205
Total	\$ 276,524	\$ 374,200

During the nine months ended September 30, 2018, the Company paid \$5,000 (2017: \$Nil) as consulting fee to a company controlled by a director.

At September 30, 2018 and 2017, the amounts payable with respect to management fees were as follows:

Related party balances payable	2018	2017
Mr. Mohammed Bouhsane (COO)	\$ 201,667	\$ 216,667

The amounts due to related party are non-interest bearing, unsecured and are due in more than 12 months from the date of the balance sheet.

## 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
2018 3 <sup>rd</sup> Q (IFRS)	\$ -	\$ (295,643)	\$ (0.01)
2018 2 <sup>nd</sup> Q (IFRS)	\$ -	\$ (398,882)	\$ (0.01)
2018 1 <sup>st</sup> Q (IFRS)	\$ -	\$ (307,146)	\$ (0.01)
2017 4 <sup>th</sup> Q (IFRS)	\$ -	\$ (313,029)	\$ (0.01)
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)

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:

**2018 3<sup>rd</sup> Q** – Share-based payment of \$42,902. Convertible note accretion of \$102,367.

**2018 2<sup>nd</sup> Q** – Share-based payment of \$36,370. Convertible note accretion of \$97,638.

**2018 1<sup>st</sup> Q** – Share-based payment of \$20,553. Convertible note accretion of \$93,140

**2017 4<sup>th</sup> Q** – Unrealized gains on investments of \$6,337. Convertible note accretion of \$91,820.  
Share-based payment \$53,786.

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

## SELECTED ANNUAL INFORMATION

Summary of the Company's financial operating results for the years ending December 31, 2017, 2016 and 2015.

	IFRS		
	2017	2016	2015
Net loss for the year	\$ (1,241,547)	\$ (2,153,456)	\$ (1,131,485)
Loss per share	(0.02)	(0.04)	(0.02)
Total assets	\$ 5,942,943	\$ 6,658,266	\$ 5,730,750

## 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, 2018, the Company was exposed to currency risk through the following monetary assets and liabilities in Mali FCFA:

	Canadian\$ equivalent
Cash	\$ 3,823
Accounts Payable	\$ 57,320
Foreign exchange rate at September 30, 2018	0.00246

Based on the net exposures at September 30, 2018, 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 had a net working capital of \$2,923,390 at September 30, 2018. 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 October 11, 2018, there were no material legal claims or contingent liabilities outstanding.

## **ACCOUNTING STANDARDS**

*(o) Changes in accounting policies effective as at September 30, 2018*

### IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held for trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard which is effective for reporting periods beginning on or after January 1, 2018 has no impact on the financial statements of the Company.

### IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard which is effective for reporting periods beginning on or after January 1, 2018 has no impact on the financial statements of the Company.

### 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 which are effective for reporting periods beginning on or after January 1, 2018 have no impact on the financial statements of the Company.

### IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018 has no impact on the financial statements of the Company.

### Amendments to IFRS 2 Share based Payment

These amendments added guidance that introduces accounting requirements for cash settled share-based payments that follow the same approach as used for equity settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity settled in its entirety, provided the share-based payment would have been classified as equity settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash settled share-based payment changes to an equity settled share-based payment because of modifications of the terms and conditions.

These amendments which are effective for reporting periods beginning on or after January 1, 2018 have no impact on the financial statements of the Company.

## **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 October 11, 2018)**

**CORPORATE HEAD OFFICE**

Mailing address: 385 Stratford Avenue, Burnaby, British Columbia, V5B 3X7  
Telephone: +1 416 849 9203 Fax: +1 416 981 7286  
Website: [www.greatquest.com](http://www.greatquest.com) Email: info@greatquest.com

**BAMAKO EXPLORATION OFFICE**

Baco-djicoroni ACI Ouest Rue 616, Porte Contiguë 451 Ma.Bko.2006-B-6037 Bamako  
Telephone: +223 20 28 08 19 Email: info@gqmali.com

**DIRECTORS & OFFICERS**

John A. Clarke, Chairman, Director<sup>1</sup>  
Jed Richardson, President & CEO, Director  
Bruce McKean, Director (*appointed on July 5, 2018*)  
Gordon R. Peeling, Director<sup>1</sup>  
Salma Seetaroo (*appointed on July 5, 2018*)  
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"
---	--	--

**SHARE CAPITAL**

Authorized:	Unlimited
Issued:	58,717,267
Options:	5,805,000
Warrants:	2,976,166
Fully Diluted	67,498,433

**TRANSFER AGENT & REGISTRAR**

Computershare  
510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9

**LEGAL COUNSEL & RECORDS OFFICE**

DuMoulin Black LLP  
10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5

**AUDITORS**

Crowe MacKay LLP, Chartered Accountants  
1100 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 4T5