



## **GREAT QUEST FERTILIZER LTD.**

### **Management's Discussion and Analysis for the for the nine months ended September 30, 2019**

*The information in this management discussion and analysis ("MD&A") is as of November 29, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the period ended March 31, 2019 and the audited consolidated financial statements for the years ended December 31, 2018 and December 31, 2017. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).*

*The consolidated 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, 2019.

### Operations

#### *Property Permits*

The Company received a new permit with respect to Tilemsi and is in receipt of notice that the Tarkint Est permit is pending issuance. These permits have an initial expiry of three years and can be renewed two times for a period of two years each.

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

The Company received title from the “Ministere de l’Habitat et de l’Urbanisme” (Ministry of Lands and Urban Affairs) for a plot of land of over 2ha in Markala, in the Segou region, which lies in the main agricultural area of Mali. The objective of the Company is to set up a fertilizer processing plant and blending facility in Markala.

#### *Cashew Project in Ivory Coast*

The approval process with the TSX Venture for a Change of Business is still in progress. The Company signed an agreement with Mr. Bruce McKean, a director of the Company, for the acquisition of 100% of the shareholding of 1184700 BC Ltd and part of the outstanding debt Mr McKean holds with 1184700BC Ltd. for shares of the Company. Mr. McKean is the sole shareholder of 1184700 BC Ltd. More details of the transaction are provided in the document.

Readers are cautioned that the project requires shareholders’ approval and Exchange approval. There is no guarantee that these approvals will be obtained.

#### *Financing*

The Company announced a private placement of 3,333,333 units at a price of \$0.15 per unit. Each unit comprises one common share in the capital of the Company and one half of a common share purchase warrant, exercisable at a price of \$0.20 per whole warrant for a period of two years. A subscription of 135,000 units for an amount of \$20,250 has been received by the Company to-date.

Furthermore, the Company has secured a facility of C\$500,000 from a related party. This facility is interest free and repayable within two years or earlier at the option of the Company.

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.

#### **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 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. A new permit was re-issued on October 19, 2019, for an initial period of three years and is renewable for two periods of two years each. 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. A new permit was re-issued on October 19, 2019, for an initial period of three years and is renewable for two periods of two years each.

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				

Total Phase I & II	25.62	317	5,491	50.0
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**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**

With the re-issuance of the Tilemsi and Tarkint Est permits, the Company is now completing a technical report with a view of upgrading the current inferred resource.

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.Ing. (Met), a Qualified Person as defined by National Instrument 43-101 is a consulting engineer with the Company. He completed his B.Ing. 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.

## **ACQUISITION OF THE CASHEW PROJECT**

The Company entered into non-arm's length binding agreement (the "Definitive Agreement") pursuant to which it will acquire all of the issued and outstanding shares of 1184700 BC Ltd. ("Privco") (the "COB Transaction"). Privco is a private company incorporated in British Columbia and is the beneficial shareholder of 80% of the issued shares of Ivoirienne de Noix de Cajou SA (INCAJOU). The remaining 20% is owned by an arm's length local partner. Upon the completion of the COB Transaction, the Company will continue the business of INCAJOU. The COB Transaction will constitute a "Change of Business" transaction pursuant to Policy 5.2 – Changes of Business and Reverse Takeovers ("Policy 5.2") of the TSX Venture Exchange (the "Exchange").

### **Background and Information About 1184700 BC Ltd.**

On October 2, 2018, the Company announced that it had entered into an agreement (the "INCAJOU Share Purchase Agreement") to acquire all of the issued shares of INCAJOU. (see our news release of October 2, 2018). The transaction was required to close in 2018. As the transaction constituted a Change of Business under Exchange policies, which required, among other things, shareholder and Exchange approval, management of the Company realized that there was insufficient time to obtain all necessary approvals and close the transaction prior to the end of 2018. Notwithstanding the timing issues, the Company did not wish to lose the opportunity to acquire INCAJOU. Consequently, Privco was incorporated on October 29, 2018 with Mr. Bruce McKean, a director of the Company, as its sole shareholder. Privco has two directors, Jed Richardson and David Shaw. Mr. Richardson is the CEO and a director of the Company and Mr. Shaw is a non-executive director of the Company.

In November 2018, the Company transferred its rights under the INCAJOU Share Purchase Agreement to Privco by way of a novation agreement which required that Privco's shares or assets be sold to the Company once it has received of all necessary approvals to permit it to acquire Privco (see our news release of December 18, 2018 for further details). In late 2018, Privco completed the acquisition of INCAJOU.

### **About Ivoirienne de Noix de Cajou SA**

INCAJOU is incorporated under the laws of Ivory Coast, West Africa. INCAJOU owns a cashew processing plant which has a production capacity of 9,000 tonnes and which has been in operation since April 2019. Currently INCAJOU employs 350, mostly women. As at September 30, 2019, INCAJOU has exported twelve containers of kernels (approx. 190 tonnes). The plant has been certified HACCP (see our news release of August 28, 2019).

INCAJOU is managed by Ms. Seetaroo, a director of the Company and the Chief Financial Officer of INCAJOU is also the Chief Financial Officer of the Company. All management costs are paid for by Privco. The plant has been built to align with the policy of the Ivory Coast Government to increase the country's current processing from less than 6% to 15% of the total raw cashew nuts produced locally.

## OVERVIEW OF PERFORMANCE

During the nine months ended September 30, 2019, the Company's total assets increased by \$70,515 from \$5,469,164 to \$5,539,679. The Company's working deficiency at September 30, 2019 was \$48,265.

### 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.

#### ***Three months ended September 30, 2019 compared with the three months ended September 30, 2018***

The comprehensive loss for three months ended September 30, 2019 was \$189,883 or \$0.00 per share compared to \$295,643 or \$0.01 per share for the previous year. The decrease in comprehensive loss of \$105,760 was mainly due to:

- (i) a decrease of \$10,120 in investor relations from \$14,172 in 2018 to \$4,052 due to less investor promotion project carried out this year;
- (ii) a decrease of \$29,750 in management fees from \$86,250 in 2018 to \$56,500 due to refund received with respect services provided by the management team to a related party company;
- (iii) an increase of \$31,779 in travel expenses from \$5,858 in 2018 to \$37,637 due to visits by the board to the Cashew project.

#### ***Nine months ended September 30, 2019 compared with the nine months ended September 30, 2018***

The comprehensive loss for nine months ended September 30, 2019 was \$656,127 or \$0.01 per share compared to \$1,001,671 or \$0.02 per share for the previous year. The decrease in comprehensive loss of \$345,544 was mainly due to:

- (i) a decrease of \$37,445 in investor relations from \$75,630 in 2018 to \$38,185 due to less investor promotion project carried out this year;
- (ii) an increase of \$72,733 in legal fees from \$8,648 in 2018 to \$81,281 due to expenses incurred with respect to the Change of Business;
- (iii) a decrease of \$155,715 in management fees from \$324,140 in 2018 to \$168,425 due to refund received with respect services provided by the management team to a related party company and one-off directors fees paid in 2018;
- (iv) a decrease of \$40,735 in travel expenses from \$41,328 in 2018 to \$593 due to lesser activities carried out in Mali and higher travel incurred in the previous year investigating the Cashew project.
- (v) an increase in share based compensation of \$41,581 from \$99,825 in 2018 to \$141,406 due to higher vesting in the current period.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's working deficiency amounted to \$48,265 at September 30, 2019. Management is working towards obtaining the financing required to complete the acquisition of the Cashew business.

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, Vice President, 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	
	2019	2018
Short term benefits, including fees and salaries (net of refunds)	\$ 168,425	\$ 192,890
Directors' fees	-	45,000
Share-based compensation	103,786	38,634
<b>Total</b>	<b>\$ 272,211</b>	<b>\$ 276,524</b>

During the nine months ended September 30, 2019, the Company paid a total of \$201,848 (2018: \$Nil) to related parties, which was fully refunded by an entity owned and managed by directors of the Company for services provided to that entity.

During the nine months ended September 30, 2019, an entity owned and managed by directors of the Company made net advances totaling \$500,000 to the Company.

At September 30, 2019 and December 31, 2018, the amounts payable were as follows:

Related party balances payable	2019	2018
Outstanding amount due within more than one year		
With respect to management fees	\$ 201,667	\$ 201,667
Advance from related party	\$ 500,000	\$ -

During the nine months ended September 30, 2019, the Company repaid \$Nil, (2018: \$15,000) against amount due to the related party. The amounts due to related party is non-interest bearing and unsecured.

During the nine months ended September 30, 2019, the Company repaid \$Nil, (2018: \$2,510,262) in Convertible Note held by a director. (see Note 9). In addition, an amount of \$120,000, originally paid as a deposit on shares, was returned to the director in the year ended December 31, 2018.

## 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
2019 3 <sup>rd</sup> Q (IFRS)	\$ -	\$ (189,883)	\$ (0.00)
2019 2 <sup>nd</sup> Q(IFRS)	\$ -	\$ (228,869)	\$ (0.01)
2019 1 <sup>st</sup> Q (IFRS)	\$ -	\$ (237,381)	\$ (0.01)
2018 4 <sup>th</sup> Q (IFRS)	\$ -	\$ (338,642)	\$ (0.01)
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)

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:

**2019 3<sup>rd</sup> Q** – Share-based payment of \$32,424.

**2019 2<sup>nd</sup> Q** – Share-based payment of \$26,415

**2019 1<sup>st</sup> Q** – Share-based payment of \$40,545. Unrealized loss on investment of \$18,108.

**2018 4<sup>th</sup> Q** – Share-based payment of \$81,877. Convertible note accretion of \$50,639 and unrealized gains on investment of \$10,865.

**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.

## SELECTED ANNUAL INFORMATION

Summary of the Company's financial operating results for the years ending December 31, 2018, 2017 and 2016.

	IFRS		
	2018	2017	2016
Net loss for the year	\$ (1,340,313)	\$ (1,241,547)	\$ (2,153,456)
Loss per share	(0.02)	(0.02)	(0.04)
Total assets	\$ 5,469,164	\$ 5,942,943	\$ 6,658,266

## 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

### (i) Financial assets

#### *Classification*

The Company classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through OCI, or through profit or loss), and
- those measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

#### • *Amortized cost:*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains or losses. Impairment losses are presented as separate line items in the statement of profit or loss.

#### • *FVTPL:*

Assets that do not meet the criteria for amortized cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *Impairment*

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received net of direct issuance costs.

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issuance, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to share-based payment reserve. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly as equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term or liabilities designated upon initial recognition as FVTPL. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.
- Subsequently measured at amortized cost - financial liabilities initially recorded at fair value and subsequently measured at amortized cost, using the effective interest rate method.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification (measurement) IAS 39	New classification and measurement IFRS 9
Cash and cash equivalents	Fair value through profit and loss (FVTPL)	FVTPL
Investments	AFS (Fair value through other comprehensive income ("FVOCI"))	FVTPL
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities, due to related parties, convertible note	Other financial liabilities (amortized cost)	Amortized cost

*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, 2019, the Company was exposed to currency risk through the following monetary assets and liabilities in Mali FCFA:

	Canadian\$ equivalent
Cash	\$ 18,192
Accounts Payable	\$ 52,967
	<hr/>
Foreign exchange rate at September 30, 2019	0.00223

Based on the net exposures at September 30, 2019, 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 deficiency of \$48,265 at September 30, 2019. Accounts payable is due in 30 days.

## **LEGAL CLAIMS AND CONTINGENT LIABILITIES**

At November 29, 2019, there were no material legal claims or contingent liabilities outstanding.

## **ACCOUNTING STANDARDS**

### *Changes in accounting policies effective as at 1 January 2019*

#### IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 - Leases and its associated interpretative guidance, including IFRIC 4 and SIC 15. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a non-lease component on the basis of whether the customer controls the specific asset. For those contracts that are or contain a lease, IFRS 16 introduces significant changes for lessees to the accounting for contracts that are or contain a lease, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases less than 12 months in duration or leases of low value assets. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company does not bring short-term leases (contracts with terms that end within 12 months of the mandatory transition date) or low value leases on balance sheet. Costs for these items will continue to be expensed directly to profit or loss. The Company has assessed that the new standard has no impact on the financial statements.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

The Company is continuously evaluating new opportunities, other than those already covered in this MD&A, 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 29, 2019)**

**CORPORATE HEAD OFFICE**

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**BAMAKO EXPLORATION OFFICE**

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Telephone: +223 20 28 08 19 Email: info@gq mali.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"
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**SHARE CAPITAL**

Authorized:	Unlimited
Issued:	58,717,267
Options:	5,405,000
Warrants:	2,976,166
Fully Diluted	67,098,433

**TRANSFER AGENT & REGISTRAR**

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

**LEGAL COUNSEL & RECORDS OFFICE**

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**AUDITORS**

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