



GREAT QUEST FERTILIZER LTD.

Vancouver, Canada

Condensed Consolidated Interim Financial Statements

For the three and nine months ended

September 30, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

GREAT QUEST FERTILIZER LTD.

Condensed consolidated interim statements of financial position

(Expressed in Canadian dollars)

As at	September 30	December 31
	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 92,882	\$ 136,277
GST recoverable	36,478	8,376
Investments (note 4)	12,675	30,783
Prepaid expenses	26,429	17,998
	168,464	193,434
Non-current assets		
Equipment (note 5)	200,630	226,773
Exploration and evaluation properties (note 6)	5,170,585	5,048,957
Total assets	\$ 5,539,679	\$ 5,469,164
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 216,729	\$ 161,760
	216,729	161,760
Long term liabilities		
Convertible note (note 9)	489,739	479,722
Due to related parties (note 8)	701,667	201,667
Total liabilities	1,408,135	843,149
Equity		
Share capital (note 7)	20,553,363	20,553,363
Share-based payment reserve (note 7)	1,014,303	872,897
Deposit on securities	20,250	-
Non-controlling interest	23,356	23,356
Equity portion of convertible note (note 9)	249,973	249,973
Deficit	(17,729,701)	(17,073,574)
Total shareholders' equity	4,131,544	4,626,015
Total liabilities and shareholders' equity	\$ 5,539,679	\$ 5,469,164

Nature and continuance of operations and going concern (note 1)

Approved on behalf of the Board of Directors on November 26, 2019

"Jed Richardson"

Jed Richardson – Chief Executive Officer

"John Clarke"

John Clarke – Director

The above condensed consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

GREAT QUEST FERTILIZER LTD.

Condensed consolidated interim statements of loss and comprehensive loss

(Expressed in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Expenses				
Accounting and audit	\$ 11,434	\$ 6,950	\$ 34,043	\$ 24,800
Consulting	15,350	15,000	39,458	38,217
Investor relations	23,553	14,172	38,185	75,630
Legal	7,276	2,144	81,381	8,648
Management and director fees (note 8)	56,500	86,250	168,425	324,140
Office and general	16,838	15,747	67,591	75,642
Promotion, travel and shareholder relations	37,637	5,858	38,230	47,186
Rent	8,002	4,353	16,215	12,755
Share-based compensation (notes 7 and 8)	32,424	42,902	141,406	99,825
Telephone and communication	370	1,854	3,106	6,460
Loss before other items	(189,883)	(195,230)	(628,040)	(713,303)
Interest on convertible note (note 9)	-	(102,367)	(10,016)	(293,155)
Unrealized loss on investment (note 4)	-	-	(18,108)	-
Interest income	-	1,954	37	4,787
Net loss for the period before taxes	(189,883)	(295,843)	(656,127)	(1,001,671)
Comprehensive loss for the period	\$ (189,883)	\$ (295,643)	\$ (656,127)	\$ (1,001,671)
Net loss and comprehensive loss were 100% attributable to the shareholders of the Company for each of the periods ended September 30, 2019 and 2018.				
Weighted average number of outstanding shares	53,717,267	53,717,267	53,717,267	53,717,267
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)

The above condensed consolidated interim statements of loss and comprehensive loss should be read in conjunction with the accompanying notes.

GREAT QUEST FERTILIZER LTD.

Condensed consolidated interim statements of cash flows

(Expressed in Canadian dollars)

	For the nine months ended September 30	
	2019	2018
Operating activities		
Net loss for the period	\$ (656,127)	\$ (1,001,671)
<i>Adjustments:</i>		
Share-based compensation	141,406	99,825
Unrealized loss on investments	18,108	-
Convertible note accretion	10,016	293,155
	(486,597)	(608,691)
<i>Change in non-cash working capital items:</i>		
GST recoverable	(28,102)	(12,582)
Prepaid expenses	(8,431)	(5,326)
Amounts receivable	-	(130,262)
Accounts payable and accrued liabilities	54,969	35,091
Due to related parties	-	(15,000)
	(468,161)	(736,770)
Financing activities		
Loan from related party	500,000	-
Exercise of warrants	-	3,000,000
Subscriptions received	20,250	-
	520,250	3,000,000
Investing activities		
Exploration and evaluation property costs	(95,484)	(206,185)
	(95,484)	(206,185)
Change in cash and cash equivalents	(43,395)	2,057,045
Cash and cash equivalents at beginning of period	136,277	881,971
Cash and cash equivalents at end of period	\$ 92,882	\$ 2,939,016
Cash and cash equivalents comprised of:		
Cash	\$ 84,068	\$ 176,019
Term deposits	8,814	2,762,997
	\$ 92,882	\$ 2,939,016

Supplemental cash flow information (note 10)

The above condensed consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

GREAT QUEST FERTILIZER LTD.

Condensed consolidated interim statements of changes in equity

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

	Number of shares	Share capital	Deposit on shares	Share-based payment reserve	Accumulated other comprehensive loss – unrealized loss	Non- controlling interest	Equity Portion of convertible note	Deficit	Total
Balance at December 31, 2017	53,717,267	\$ 16,972,758	\$ 120,000	\$ 1,661,042	\$ (1,812)	\$ 23,356	\$ 344,154	\$ (16,120,691)	\$ 2,998,807
Impact of adopting IFRS 9 on January 1, 2018	-	-	-	-	1,812	-	-	(1,812)	-
Exercise of warrants	5,000,000	3,580,605	-	(580,605)	-	-	-	-	3,000,000
Share-based compensation	-	-	-	108,982	-	-	-	-	108,982
Net loss for the period	-	-	-	-	-	-	-	(706,028)	(706,028)
Balance at September 30, 2018	58,717,267	20,553,363	120,000	1,189,419	-	23,356	344,154	(16,828,531)	5,401,761
Refund of deposit on shares	-	-	(120,000)	-	-	-	-	-	(120,000)
Share-based compensation	-	-	-	72,720	-	-	-	-	72,720
Expired options	-	-	-	(389,242)	-	-	-	389,242	-
Transfer portion of equity of Convertible debenture	-	-	-	-	-	-	(94,181)	-	(94,181)
Net loss for the year	-	-	-	-	-	-	-	(634,285)	(634,285)
Balance at December 31, 2018	58,717,267	\$ 20,553,363	-	872,897	-	23,356	249,973	(17,073,574)	4,626,015
Share-based compensation	-	-	-	141,406	-	-	-	-	141,406
Deposit on securities	-	-	20,250	-	-	-	-	-	20,250
Net loss for the period	-	-	-	-	-	-	-	(656,127)	(656,127)
Balance at September 30, 2019	58,717,267	\$ 20,553,363	\$ 20,250	\$ 1,014,303	\$ -	\$ 23,356	\$ 249,973	\$ (17,729,701)	\$ 4,131,544

The above condensed consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

1. Nature and continuance of operations and going concern

Great Quest Fertilizer Ltd. (the “Company”) is incorporated under the British Columbia *Business Corporations Act* and its principal business activities are the exploration and development of exploration and evaluation properties located in Mali, West Africa. The Company’s registered office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia.

These consolidated financial statements have been prepared on a going-concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going-concern is dependent upon achieving profitable operations and/or obtaining additional financing.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation properties. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying values of the Company’s exploration and evaluation assets do not reflect current or future values. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in 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.

The Company has completed geological work on the Tilemsi phosphate properties and is working towards an updated technical report on the project.

2. Statement of compliance

These condensed interim financial statements for the nine-month period ended September 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2018 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company’s 2018 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2019, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The policies set out in the ensuing paragraphs have been consistently applied to all periods presented unless otherwise noted.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments in applying accounting policies. Judgments that have the most significant effect on the amounts recognized in these financial statements are described below. Management is also required to make assumptions and critical estimates. Critical estimates are those that are most subject to uncertainty and have the most significant risk of resulting in a material adjustment to the carrying values of assets and liabilities within the next twelve months. Judgments, assumptions and estimates are based on historical experience, current trends and available information. Future events cannot be determined with certainty. As confirming events occur, actual results could differ materially from the assumptions and estimates.

Critical judgments made in the preparation of these financial statements are as follows:

- The economic recoverability of the exploration and evaluation properties. Judgment was used to determine whether indicators of impairment exist.
- Verification of title to its interests in exploration and evaluation properties.
- Functional currency of the Company. Judgment was used in determining the currency that primarily determines or influences the costs of goods and services.
- Going concern. Please see note 1.
- Determination of fair value of investments, classified and measured at fair value through profit and loss.

Significant assumptions and estimates used are as follows:

- Share-based payments - Assumptions were used in applying valuation techniques to determine the costs for these payments, in particular, in estimating the future volatility of the stock price, expected dividend yield, future employee turnover rate, and risk-free interest rate.
- Provisions - Assumptions were made to determine whether obligations exist and to estimate the amount of the obligations believed to exist. Please see note 3 (j).
- Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's subsidiaries are as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Ownership Interest</u>
Great Quest (Barbados) Limited	Barbados	100%
Great Quest Mali S.A. ("GQ Mali")	Mali	100%
Engrais Phosphates du Mali S.A. ("EPM")	Mali	94%

(b) Foreign currencies

The consolidated financial statements are presented in Canadian dollars. The functional currency of the Company, Great Quest (Barbados) Limited, GQ Mali and EPM is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effect of Changes in Foreign Exchange Rates*.

These consolidated financial statements have been translated to the Canadian dollar in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. This standard requires that monetary assets and liabilities be translated using the exchange rate at period-end, and income and expenses are translated using the exchange rates at the dates of the transactions (where there is not significant fluctuation in the exchange rates used, the average rate for the period is applied to income and expense balances). The exchange differences are recognized in profit or loss.

At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) 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.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Classification (continued)

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.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Impairment

From 1 January 2018, 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.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies *(continued)*

(c) Financial instruments (continued)

(ii) Financial liabilities and equity instruments (continued)

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.

(d) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and all highly liquid investments. The Company minimizes its credit risk by investing in cash equivalents with major international banks and financial institutions. Management believes that no concentration of credit risk exists with respect to investment in its cash and cash equivalents. As at 30 September 2019 cash equivalents consist of cash and cashable term deposits.

(e) Vehicles, equipment and furniture

Vehicles, equipment and furniture are carried at cost less accumulated amortization. Amortization of vehicles and furniture is calculated using the straight-line method over 3 years. Amortization of laboratory equipment is calculated using the straight-line method over 10 years.

(f) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset or cash generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies *(continued)*

(g) Exploration and evaluation properties

Costs incurred prior to obtaining the legal right to explore and evaluate are expensed as incurred. Exploration and evaluation properties consist of exploration and mining permits, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. If the property is put into production, the capitalized costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to profit or loss.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Where there is an indication of non-recoverability, management will review the capitalized costs on its exploration and evaluation properties and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or sale of the property.

Recorded costs of exploration and evaluation properties are not intended to reflect present or future values of exploration and evaluation properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, those changes in future conditions could require a material change in the recognized amount.

The Company records mineral exploration tax credits on an accrual basis.

Exploration and evaluation properties are classified as intangible assets.

(h) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates substantively enacted at the date of the statement of financial position.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies *(continued)*

(h) Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Share-based payment transactions

The Company has a stock option plan that allows certain officers, directors, consultants, and related company employees to acquire shares of the Company. The fair value of the options is recognized as an expense with a corresponding increase in equity.

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche of an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Share-based payments to non-employees are measured at fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The share-based payments are recorded as an operating expense and as share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the consideration received is recorded as share capital. In addition, the related share based payments originally recorded as share-based payment reserve are transferred to share capital. The amounts recorded as share-based payments for options that have expired unexercised or have vested but have been forfeited following the termination of agreement with the option holders are transferred to deficit. Unamortized amounts of share-based payments with respect to options that have been cancelled are immediately charged to profit or loss on the cancellation date.

(j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

GREAT QUEST FERTILIZER LTD.

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies *(continued)*

(k) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset and the environment in which the mine operates.

Pre-tax discount rates that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations at September 30, 2019 and 2018 as the disturbance to date on the Company's exploration and evaluation properties is not significant.

(l) Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(m) Loss per share

The Company presents the basic (loss) income per share data for its common shares, calculated by dividing the (loss) income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted (loss) income per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding for the year, if dilutive.

The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. During the periods ended September 30, 2019 and 2018, all outstanding stock options and warrants were anti-dilutive.

GREAT QUEST FERTILIZER LTD.

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(Expressed in Canadian dollars)

For the nine months ended September 30, 2019 and 2018

3. Summary of significant accounting policies *(continued)*

(n) Share capital

Common shares are classified as equity. New issuance of common shares is valued at the consideration received for those shares. When new shares are issued following the exercise of a share purchase warrant or stock option, in addition to the consideration received, the share-based payment originally recorded as share-based payment reserve is also recorded as share capital. Incremental costs directly attributable to the issue of the common shares are recognized as a deduction from equity, net of any tax effects. The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement.

Warrants that are part of units are valued using the residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date shares are issued or received.

(o) Changes in accounting policies and accounting standards effective as at January 1, 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 16. 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 office rental in place and the lease is considered low value and is expected to terminate within 12 months. The Company has assessed that the new standard has no impact on the financial statements.

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4. Investments

	Granite Creek Copper Ltd.	
	Number of shares	Value
Balance, December 31, 2017	181,083	\$ 19,918
Fair value adjustment	-	10,865
Balance at December 31, 2018	181,083	30,783
Fair value adjustment		(18,108)
Balance at September 30, 2019	181,083	\$ 12,675

5. Equipment

	Equipment		Total
<i>Cost</i>			
Balance, September 30, 2019, December 31, 2018 and 2017	\$	348,568	\$ 348,568
<i>Accumulated Amortization</i>			
Balance, December 31, 2017	\$	86,940	\$ 86,940
Charge for the year		34,856	34,856
Balance, December 31, 2018		121,796	121,796
Charge for the period		26,142	26,142
Balance, September 30, 2019	\$	147,938	\$ 147,938
<i>Carrying amounts</i>			
At September 30, 2019	\$	200,631	\$ 200,631
At December 31, 2018	\$	226,773	\$ 226,773

During the nine months ended September 30, 2019, the Company allocated amortization of \$Nil (2018: \$Nil) to income statement and \$26,142 (2018: \$26,142) to exploration and evaluation properties (Note 6).

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6. Exploration and evaluation properties

	Mali		
	Phosphate	Gold	TOTAL
Balance, December 31, 2017	\$ 4,729,574	\$ 23,024	\$ 4,752,598
Additions:			
<i>Deferred exploration costs</i>			
Amortization of equipment	34,856	-	34,856
Assays	14,726	-	14,726
Consulting geologist	22,449	-	22,449
Environment report	28,474	-	28,474
Exploration	41,138	-	41,138
Licences and permits	50,607	982	51,589
Office, personnel and other	103,127	-	103,127
Balance, December 31, 2018	5,024,951	24,006	5,048,957
Additions:			
<i>Deferred exploration costs</i>			
Amortization of equipment	26,142	-	26,142
Licence and Permit	11,302	-	11,302
Land at Markala	23,210	-	23,210
Office, personnel and other	60,974	-	60,974
Balance, September 30, 2019	\$ 5,146,579	\$ 24,006	\$ 5,170,585

(a) MALI Phosphate Properties - Tilemsi Phosphate Project

The Tilemsi project comprises three contiguous properties namely the Tilemsi, the Tarkint Est and the Aderfoul. The three properties cover a total permitted area of 1,206 Km² in the northern part of Mali. The Company holds a 100% interest in the permits and two optionors hold 2.07% and 1.47% Net Profit Interest respectively in the project.

i. Tilemsi Phosphate Research Permit

Under the acquisition agreement with respect to this permit, the Company is required to make three payments of 50,000,000 FCFA (\$100,000) each and issue 50,000 warrants to the original holder. The options expired unexercised in 2014. At December 31, 2018, the first two payments, totaling \$209,485, were completed along with a payment of 1,000,000 FCFA (\$2,242) towards the final amount of 50,000,000 FCFA due on receipt of a permit for commercial exploitation.

On November 19, 2019, a new permit was issued for an initial period of three years, renewable two times, for a period of two years each.

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(Expressed in Canadian dollars)

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6. Exploration and evaluation properties *(continued)*

(a) MALI Phosphate Properties - Tilemsi Phosphate Project *(continued)*

ii. Tarkint Est Phosphate Research Permit

In 2010 and 2011, the Company, acquired the Tarkint Est research permit in Mali, for an aggregate of 115,000,000 FCFA (\$230,000). At December 31, 2018, the Company has paid a total of 101,300,000 FCFA (\$204,870) towards the acquisition price. The balance of 13,700,000 FCFA (\$30,309) is due six months after the resumption of activities on the property.

On October 21, 2019, a new permit was issued for an initial period of three years, renewable two times, for a period of two years each.

iii. Aderfoul area

On January 17, 2013, the Company received the Arrete, valid for three years, with respect to a research permit covering an area of 200 km², which granted the Company a 100% interest in the Aderfoul property. On June 25, 2018, the permit was renewed for a final period of two years, effective January 17, 2018.

(b) MALI Gold Properties

i. Sanoukou Gold Research Permit

On August 26, 2015, the permit was renewed for another two years. The permit was due to expire in August 2017. Under the current mining regulations in Mali, no further renewal is allowable for permit. Given the Company's focus was on the phosphate project in 2016, the Company impaired the carrying value of the permit at December 31, 2016.

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.

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7. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

During the period ended September 30, 2019, 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.

During the year ended December 31, 2018, 5,000,000 shares were issued following the exercise of 5,000,000 warrants at the price of \$0.60 each. These warrants were issued as part of the convertible note agreement. An amount of \$580,605 with respect to the warrants has been transferred from reserve to share capital. (see note 9)

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which was approved at the Company's Annual General Meeting on July 5, 2018. The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange.

A summary of the status of the Company's stock option plan as of September 30, 2019 and December 31, 2018 changes during the periods then ended were as follows:

	Number of Options	Weighted Average Exercise price
Stock options outstanding December 31, 2017	4,530,000	\$ 0.49
Granted	2,700,000	0.10
Expired	(1,425,000)	0.60
Stock options outstanding at December 31, 2018	5,805,000	0.28
Expired	(400,000)	1.38
Stock options outstanding at September 30, 2019	5,405,000	\$ 0.20

During the year ended December 31, 2018, the Company granted 2,700,000 stock options for the purchase of 2,700,000 shares at a price of \$0.10 per share for a period of five years from the date of grant, of which 150,000 stock options vested immediately and the balance vests 25% every six months from the grant date. The total fair value of the stock options granted is \$280,530. The share price at the date of grant was \$0.13.

During the period ended September 30, 2019, 400,000 (2018: 1,425,000) options exercisable at a price of \$1.38 (2018: \$0.60) expired unexercised.

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For the nine months ended September 30, 2019 and 2018

7. Share capital (continued)

Stock options (continued)

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2019:

Expiry Date	Exercise Price	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
June 6, 2021	\$0.30	1,100,000	1,100,000	1.68
June 12, 2022	\$0.30	1,605,000	1,605,000	2.70
September 13, 2023	\$0.10	2,700,000	1,425,000	3.96
	\$0.20	5,405,000	4,130,000	3.12

The fair values of options granted during the period ended September 30, 2019 and year ended December 31, 2018 were estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Expected annual volatility	-	116%
Risk-free interest rate	-	1.5%
Expected life	-	5 years
Expected dividend yield	-	0%
Estimated forfeitures	-	0%

The expected stock price volatility was estimated by reference to historical volatility of the Company with a comparable period in their lives.

Warrants

	Number	Weighted Average Exercise Price
Warrants outstanding		
Balance at December 31, 2017	2,976,166	\$ 0.50
Issued	5,000,000	0.60
Exercised	(5,000,000)	0.60
Balance at September 30, 2019 and December 31, 2018	2,976,166	\$ 0.50

During year ended December 31, 2018, 5,000,000 detachable warrants exercisable at a price of \$0.60 were issued further to the convertible note issued in 2016 (see note 9). These warrants were exercised during the year for a total amount of \$3,000,000.

The following table summarizes information about the warrants outstanding at September 30, 2019:

Expiry Date	Exercise Price	Number of Warrants Outstanding	Average Remaining Life (Years)
May 20, 2020	\$0.50	2,976,166	0.64
	\$0.50	2,976,166	0.64

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8. Related party transactions and balances

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 Officers.

The following 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
Total	\$ 272,211	\$ 276,524

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.

GREAT QUEST FERTILIZER LTD.

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9. Convertible note

On February 15, 2016, the Company entered into a loan agreement for \$3,000,000 on a term of three years with no interest. The Lender has the option of converting the loan into common shares at a price of \$0.60. The agreement also provides for the issuance, at lender's option, of 5,000,000 detachable warrants exercisable at \$0.60 for a period of three years. The fair values of warrants were estimated, using the Black-Scholes option pricing model, at \$580,605 and were included in the total amount of transaction costs of \$596,955, related to this transaction. The fair value was calculated using the following weighted average assumptions: expected annual volatility of 116%, risk free interest rate of 0.35% and expected life of three years. During the year ended December 31, 2018, these warrants were exercised.

The convertible loan contains two components: liability and equity elements. The equity element is presented in equity under the heading of Equity portion of convertible note. The effective interest rate of the liability element on initial recognition is 15.75% per annum.

During the year ended December 31, 2018, an amount of \$2,510,262 was repaid to the holder of the convertible notes, who currently is a director of the Company, with \$2,416,081 allocated to the liability component being the estimated fair value at the time of the repayment, and the remaining \$94,181 allocated to the equity portion. The remaining balance of the convertible loan, which was due on February 2019 has been extended and at September 30, 2019 was \$489,739. The remaining balance bears no interest and is not repayable within the next 12 months.

	Liability Component	Equity Portion
Balance, December 31, 2017	\$ 2,552,019	\$ 344,154
Accretion	343,784	-
Partial repayment	(2,416,081)	(94,181)
Balance, December 31, 2018	479,722	249,973
Accretion	10,017	-
Balance, September 30, 2019	\$ 489,739	\$ 249,973

10. Supplemental cash flow information

Nine months ended September 30	2019	2018
Cash received (paid) for interest	\$ 37	\$ 3,552
Cash paid for income taxes	\$ -	\$ -

The Company incurred non-cash financing and investing activities during the nine months ended September 30, 2019 and 2018 as follows:

Nine months ended September 30	2019	2018
Exploration and evaluation activities - amortization	\$ 26,142	\$ 26,142

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11. Segmented information

The Company's activities are all in the one industry segment of exploration and evaluation property acquisition, exploration and development.

Properties, vehicles, equipment and furniture by geographical segment are as follows:

	Mali	Canada	Total
September 30, 2019			
Exploration and evaluation properties	\$ 5,170,585	\$ -	\$ 5,170,585
Vehicle, equipment and furniture	200,630	-	200,630
	\$ 5,371,215	\$ -	\$ 5,371,215
December 31, 2018			
Exploration and evaluation properties	\$ 5,048,957	\$ -	\$ 5,048,957
Vehicle, equipment and furniture	226,773	-	226,773
	\$ 5,275,730	\$ -	\$ 5,275,730
	Mali	Canada	Total
For the nine months ended September 30, 2019			
Net Loss	\$ 30,470	\$ 621,657	\$ 656,127
For the nine months ended September 30, 2018			
Net Loss	\$ 48,709	\$ 952,962	\$ 1,001,671

12. Capital disclosures and financial risk management

The Company includes cash and cash equivalents, issued common shares and deficit in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

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 in the form of refundable GST due from the Canadian governments.

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12. Capital disclosures and financial risk management (continued)

Currency risk:

The Company's functional currency is the Canadian dollar. There is foreign exchange risk to the Company as some of its exploration and evaluation 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
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 equivalents 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.

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 deficiency of \$48,265 at September 30, 2019. Accounts payable is due in 30 days.

13. Events occurring after reporting date

The Company entered into non-arm's length binding agreement (the "Definitive Agreement") pursuant to which it will acquire 100% issued shareholding of 1184700 BC Ltd. ("Privco"). Privco, a private company incorporated in British Columbia wholly owned by a director of the Company, is the beneficial holder 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 acquisition, which requires disinterested shareholders' approval, the Company will continue the business of INCAJOU.

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