



**GREAT QUEST FERTILIZER LTD.**

Condensed Interim Consolidated Financial Statements  
For the three and nine months ended  
September 30, 2021 and 2020

## **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 consolidated 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 Interim Consolidated statements of financial position

(Expressed in Canadian dollars - Unaudited)

| As at   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>                                     |                       |                      |
| <b>Current assets</b>                             |                       |                      |
| Cash and cash equivalents                         | \$ 12,237             | \$ 12,271            |
| GST recoverable                                   | 14,376                | 14,051               |
| Prepaid expenses                                  | 17,416                | 21,546               |
|   | <b>44,029</b>         | <b>47,868</b>        |
| <b>Non-current assets</b>                         |                       |                      |
| Exploration and evaluation properties (note 4)    | 5,375,062             | 5,320,080            |
| <b>Total assets</b>                               | <b>\$ 5,419,091</b>   | <b>\$ 5,367,948</b>  |
| <b>LIABILITIES AND EQUITY</b>                     |                       |                      |
| <b>Current liabilities</b>                        |                       |                      |
| Accounts payable and accrued liabilities          | \$ 389,367            | \$ 226,239           |
| Due to related parties (note 7)                   | 472,830               | 200,066              |
|   | <b>862,197</b>        | <b>426,305</b>       |
| <b>Long term liabilities</b>                      |                       |                      |
| Loan payable (note 5)                             | 60,000                | -                    |
| Due to related parties (note 7)                   | 201,667               | 201,667              |
| <b>Total liabilities</b>                          | <b>1,123,864</b>      | <b>627,972</b>       |
| <b>Equity</b>                                     |                       |                      |
| Share capital (note 6)                            | 20,905,910            | 20,905,910           |
| Share-based payment reserve (note 6)              | 371,611               | 478,106              |
| Non-controlling interest                          | -                     | 23,356               |
| Deficit   | (16,982,294)          | (16,667,396)         |
| <b>Total shareholders' equity</b>                 | <b>4,295,227</b>      | <b>4,739,976</b>     |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 5,419,091</b>   | <b>\$ 5,367,948</b>  |

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

Subsequent event (note 11)

Approved on behalf of the Board of Directors on November 26, 2021

*"Jed Richardson"*

Jed Richardson – Chief Executive Officer

*"John Clarke"*

John Clarke – Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# GREAT QUEST FERTILIZER LTD.

## Condensed interim consolidated statements of (loss) and comprehensive (loss)

(Expressed in Canadian dollars-Unaudited)

| Expenses  | Three months ended September 30, |                     | Nine months ended September 30, |                     |
|---|----------------------------------|---------------------|---------------------------------|---------------------|
|   | 2021                             | 2020                | 2021                            | 2020                |
| Accounting and audit                                      | \$ 3,825                         | \$ 6,125            | \$ 7,506                        | \$ 57,689           |
| Consulting  | 40,300                           | 25,300              | 120,900                         | 69,353              |
| Investor relations  | 12,000                           | 13,992              | 36,000                          | 39,222              |
| Legal   | -                                | (109)               | 370                             | 817                 |
| Management and director fees (note 7)                     | 68,500                           | 68,500              | 205,500                         | 187,500             |
| Office and general  | 12,756                           | 8,817               | 62,154                          | 47,127              |
| Promotion, travel and shareholder relations               | -                                | -                   | -                               | 53                  |
| Rent  | 4,106                            | 4,106               | 12,319                          | 12,319              |
| Share-based compensation (recovery) expense (note 6)      | -                                | 4,930               | -                               | 64,070              |
| Telephone and communication                               | -                                | 313                 | -                               | 762                 |
| Loss before other items                                   | (141,487)                        | (131,974)           | (444,749)                       | (478,912)           |
| Unrealized (loss) on investment                           | -                                | (3,623)             | -                               | -                   |
| Realized gain on investment                               | -                                | 4,389               | -                               | 4,389               |
| Interest income   | -                                | 8                   | -                               | 50                  |
| <b>Net (loss) and comprehensive (loss) for the period</b> | <b>\$ (141,487)</b>              | <b>\$ (131,200)</b> | <b>\$ (444,749)</b>             | <b>\$ (474,473)</b> |

Net loss and comprehensive loss were 100% attributable to the shareholders of the Company for each of the periods ended September 30, 2021 and 2020.

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Weighted average number of outstanding shares</b> | <b>59,156,279</b> | <b>62,269,767</b> | <b>59,156,279</b> | <b>60,026,765</b> |
| <b>Basic and diluted (loss) per share</b>            | <b>\$ (0.00)</b>  | <b>\$ (0.00)</b>  | <b>\$ (0.01)</b>  | <b>\$ (0.01)</b>  |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# GREAT QUEST FERTILIZER LTD.

## Condensed interim consolidated statements of cash flows

(Expressed in Canadian dollars - Unaudited)

|  | For the nine months ended<br>September 30, |           |      |           |
|--|--|-----------|------|-----------|
|  | 2021                                       |           | 2020 |           |
| <b>Operating activities</b>                          |  |           |      |           |
| Net (loss) for the period                            | \$   | (444,749) | \$   | (474,473) |
| <i>Adjustments:</i>                                  |  |           |      |           |
| Share-based compensation (recovery)                  |  | -         |      | 64,070    |
| Unrealized gain on investment                        |  | -         |      | (4,389)   |
|  |  | (444,749) |      | (414,792) |
| <i>Change in non-cash working capital items:</i>     |  |           |      |           |
| GST recoverable                                      |  | (325)     |      | (2,798)   |
| Prepaid expenses                                     |  | 4,130     |      | (15,512)  |
| Due to related parties                               |  | 272,764   |      | 26,427    |
| Accounts payable and accrued liabilities             |  | 138,828   |      | 43,689    |
|  |  | (29,352)  |      | (362,986) |
| <b>Financing activities</b>                          |  |           |      |           |
| Loan proceeds  |  | 60,000    |      | -         |
| Private placement                                    |  | -         |      | 335,000   |
| Share issuance costs                                 |  | -         |      | (2,702)   |
|  |  | 60,000    |      | 332,298   |
| <b>Investing activities</b>                          |  |           |      |           |
| Proceeds from sale of investment                     |  | -         |      | 17,969    |
| Exploration and evaluation property costs            |  | (30,682)  |      | (43,255)  |
|  |  | (30,682)  |      | (25,286)  |
| Change in cash and cash equivalents                  |  | (34)      |      | (55,974)  |
| Cash and cash equivalents at beginning of the period |  | 12,271    |      | 71,188    |
| Cash and cash equivalents at end of the period       | \$   | 12,237    | \$   | 15,214    |
| <b>Cash and cash equivalents comprised of:</b>       |  |           |      |           |
| Cash   | \$   | 12,237    | \$   | 15,214    |
| Term deposits  |  | -         |      | -         |
|  | \$   | 12,237    | \$   | 15,214    |

Supplemental cash flow information (note 8)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# GREAT QUEST FERTILIZER LTD.

## Condensed interim consolidated statements of changes in equity

(Expressed in Canadian dollars - Unaudited)

For the nine months ended September 30, 2021 and 2020

|  | Number of<br>shares | Share capital        | Deposit<br>on<br>shares | Share-based<br>payment<br>reserve | Warrants          | Non-<br>controlling<br>interest | Equity Portion<br>of convertible<br>note | Deficit                | Total               |
|--|---------------------|----------------------|-------------------------|-----------------------------------|-------------------|---------------------------------|--|------------------------|---------------------|
| <b>Balance at January 1, 2021</b>        | <b>59,156,279</b>   | <b>\$ 20,905,910</b> | <b>\$ -</b>             | <b>\$ 478,106</b>                 | <b>\$ -</b>       | <b>\$ 23,356</b>                | <b>\$ -</b>                              | <b>\$ (16,667,396)</b> | <b>\$ 4,739,976</b> |
| Expired stock options                    | -                   | -                    | -                       | (106,495)                         | -                 | -                               | -  | 106,495                | -                   |
| Dissolution of subsidiary                | -                   | -                    | -                       | -                                 | -                 | (23,356)                        | -  | 23,356                 | -                   |
| Net loss for the period                  | -                   | -                    | -                       | -                                 | -                 | -                               | -  | (444,749)              | (444,749)           |
| <b>Balance at September 30,<br/>2021</b> | <b>59,156,279</b>   | <b>20,905,910</b>    | <b>-</b>                | <b>371,611</b>                    | <b>-</b>          | <b>-</b>                        | <b>-</b>                                 | <b>(16,982,294)</b>    | <b>4,295,227</b>    |
| <b>Balance at December 31, 2019</b>      | <b>58,717,267</b>   | <b>20,553,363</b>    | <b>20,250</b>           | <b>634,072</b>                    | <b>-</b>          | <b>23,356</b>                   | <b>249,973</b>                           | <b>(17,468,969)</b>    | <b>4,012,045</b>    |
| Share-based compensation                 | -                   | -                    | -                       | (4,030)                           | 68,100            | -                               | -  | -                      | 59,140              |
| Private placement (note 7)               | 3,552,500           | 270,551              | (20,250)                | -                                 | 84,699            | -                               | -  | -                      | 335,000             |
| Share issuance costs (note 7)            | -                   | (2,702)              | -                       | -                                 | -                 | -                               | -  | -                      | (2,702)             |
| Net loss for the period                  | -                   | -                    | -                       | -                                 | -                 | -                               | -  | (474,473)              | (474,473)           |
| <b>Balance at September 30,<br/>2020</b> | <b>62,269,767</b>   | <b>\$ 20,821,212</b> | <b>\$ -</b>             | <b>\$ 630,042</b>                 | <b>\$ 152,799</b> | <b>\$ 23,356</b>                | <b>\$ 249,973</b>                        | <b>\$ (17,943,442)</b> | <b>\$ 3,933,940</b> |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

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### 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 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia.

These condensed interim 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 condensed interim 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

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.

On November 4, 2020, the Company terminated its efforts to close the acquisition of Ivoirienne de Noix de Cajou SARL, which was announced on November 6, 2018. The acquisition would have been a change of business for the Company. As consideration for the termination, the Company will repurchase 5,443,000 of its common shares for a nominal \$1 and received a full and final release from the outstanding remaining convertible debt of \$489,739 including the equity portion, valued at \$249,973, and any and all other amounts owing to the transaction counterparties, \$515,306.

The Company will focus its efforts on its Sanoukou gold properties in Mali and seek strategic alternatives for the Tilemsi Phosphate project.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

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### 2. Statement of compliance

These condensed interim financial statements for the three and nine-month periods ended September 30, 2021 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 2020 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 2020 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2021, 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.

### 3. Summary of significant accounting policies

The accounting policies as set out in Note 3 of the Company's annual financial statements for the year ended December 31, 2020 have been consistently applied to all the periods presented except for new accounting policies and the adoption of the following new standards and amendments issued by the IASB that were effective for annual periods beginning on or after January 1, 2021. These policies are outlined below.

#### (a) Basis of preparation

These condensed interim 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 condensed interim 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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

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

#### (a) Basis of preparation (continued)

- 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.
- 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.

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 condensed interim 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<br/>Incorporation</u> | <u>Ownership<br/>Interest</u> |
|-----------------------------------|-------------------------------------|-------------------------------|
| Great Quest (Barbados) Limited    | Barbados                            | 100%                          |
| Great Quest Mali S.A. ("GQ Mali") | Mali                                | 100%                          |

During the period ended September 30, 2021, the Company dissolved its 94% owned subsidiary Engrais Phosphates du Mali S.A. ("EPM").

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

### 4. Exploration and evaluation properties

|                                    | Mali                |                  |                     |
|------------------------------------|---------------------|------------------|---------------------|
|                                    | Phosphate           | Gold             | TOTAL               |
| Balance, December 31, 2019         | \$ 5,175,002        | \$ 24,006        | \$ 5,199,008        |
| Additions:                         |                     |                  |                     |
| <i>Deferred exploration costs</i>  |                     |                  |                     |
| Amortization of equipment          | 34,856              | -                | 34,856              |
| Office, personnel and other        | 86,216              | -                | 86,216              |
| <b>Balance, December 31, 2020</b>  | <b>\$ 5,296,074</b> | <b>\$ 24,006</b> | <b>\$ 5,320,080</b> |
| Additions:                         |                     |                  |                     |
| <i>Deferred exploration costs</i>  |                     |                  |                     |
| Environmental study                | -                   | 4,167            | 4,167               |
| Office, personnel and other        | 36,450              | -                | 36,450              |
| Licensing/Permit fees              | -                   | 14,365           | 14,365              |
| <b>Balance, September 30, 2021</b> | <b>\$ 5,332,524</b> | <b>\$ 42,538</b> | <b>\$ 5,375,062</b> |

#### (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 Km<sup>2</sup> 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. There are minimum expenditure requirements on the permits as per below:

- \$487,000 (210,000,000 Mali FCFA) for the first year;
- \$313,000 (135,000,000 Mali FCFA) for the second year; and
- \$359,000 (155,000,000 Mali FCFA) for the third year.

The Company did not meet the minimum expenditure requirement for the year ended December 31, 2020 nor as at September 30, 2021. However, the Company was granted a grace period by the Ministry of Mine in Mali, of a duration equal to the delay caused by the occurrence of the case of force majeure on the mining titles. The current situation in North Mali constitutes a case of force majeure.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

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### 4. 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. There are minimum expenditure requirements on the permits as per below:

- \$162,000 (70,000,000 Mali FCFA) for the first year;
- \$267,000 (115,000,000 Mali FCFA) for the second year; and
- \$325,000 (140,000,000 Mali FCFA) for the third year.

The Company did not meet the minimum expenditure requirement for the year ended December 31, 2020 nor as at September 30, 2021. However, the Company was granted a grace period by the Ministry of Mine in Mali, of a duration equal to the delay caused by the occurrence of the case of force majeure on the mining titles. The current situation in North Mali constitutes a case of force majeure.

##### 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 km<sup>2</sup>, 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.

During the year ended December 31, 2020, an application for the re-issuance of the permit has been lodged with the Malian Authorities. The application is under consideration and there is no indication that the permit will not be issued.

#### (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. During the nine months ended September 30, 2021, the Company submitted a renewal of the Sanoukou permit with the Malian authorities. The renewal is under consideration and there is no indication that the permit will not be renewed.

# **GREAT QUEST FERTILIZER LTD.**

## **Notes to the condensed interim consolidated financial statements**

**(Expressed in Canadian dollars)**

**For the three and nine months ended September 30, 2021 and 2020**

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### **5. Loan payable**

In January 2021, the Company received loan proceeds of \$60,000 from the Canadian Emergency Business Account (“CEBA”) program. The loan has no annual interest until December 31, 2022 and 5% per annum starting on January 1, 2023. No principal repayments are required before December 31, 2022. If the loan remains outstanding after December 31, 2022, only interest payments are required until full principal is due on December 31, 2025. If the outstanding principal, other than the amount of potential debt forgiveness (\$20,000), is repaid by December 31, 2022, the remaining principal amount will be forgiven, provided that no default under the loan has occurred.

### **6. Share capital**

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

On June 22, 2020, the Company closed an announced non-brokered private placement financing of common shares for gross proceeds of \$355,250. The Company issued 3,552,500 units of the Company at a price of \$0.10 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.20 per common share until June 22, 2023. In connection with the closing, the Company has paid share issuance costs of \$2,702 in cash. The issue date fair value of the warrants was estimated at \$84,699 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company’s shares of 84%; risk-free interest rate of 0.32% and an expected life of 3 years. Two directors and an executive officer of the Company participated and acquired a total of 1,500,000 units of this private placement for gross proceeds of \$150,000.

#### **Treasury shares**

On November 4, 2020, the Company terminated its efforts to close the acquisition of Ivoirienne de Noix de Cajou SARL, which was announced on November 6, 2018. As consideration for the termination, the Company would repurchase 5,443,000 of its common shares for a nominal \$1 and receive a full and final release from all outstanding remaining debt. As at September 30, 2021, 3,113,488 common shares had been returned to the Company, pending cancellation and return to treasury. Per the terms of the amended and restated share repurchase agreement entered into in March 2021, the number of shares to be repurchased was amended to 5,000,000 and the Company would repurchase another 1,886,512 shares in April 2022.

#### **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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

### 6. Share capital (continued)

#### Stock options (continued)

A summary of the status of the Company's stock option plan as of September 30, 2021 and December 31, 2020. Changes during the periods then ended were as follows:

|  | Number of<br>Options | Weighted<br>Average Exercise<br>price |
|--|----------------------|---------------------------------------|
| Stock options outstanding at December 31, 2019         | 5,405,000            | 0.20                                  |
| Forfeited  | (1,150,000)          | 0.15                                  |
| Stock options outstanding at December 31, 2020         | 4,255,000            | \$ 0.21                               |
| Expired  | (950,000)            | 0.30                                  |
| <b>Stock options outstanding at September 30, 2021</b> | <b>3,305,000</b>     | <b>\$ 0.19</b>                        |

During the nine months ended September 30, 2021, 950,000 options expired unexercised and during the nine months ended September 30, 2020 - 1,150,000 options were forfeited following the resignation of officers and directors of the Company. Of the forfeited options in 2020, 350,000 options did not vest, giving rise to a reverse charge of share base compensation of \$27,489. The share-based compensation expense related to stock options for the three and nine months ended September 30, 2021 was nil and nil, respectively (2020 – \$4,930 expense and a recovery of \$4,030, respectively).

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2021:

| Expiry Date        | Exercise Price | Number of<br>Options<br>Outstanding | Number of<br>Exercisable<br>Options | Average<br>Remaining Life<br>(Years) |
|--------------------|----------------|-------------------------------------|-------------------------------------|--------------------------------------|
| June 12, 2022      | \$0.30         | 1,455,000                           | 1,455,000                           | 0.70                                 |
| September 13, 2023 | \$0.10         | 1,850,000                           | 1,850,000                           | 1.95                                 |
|                    | <b>\$0.19</b>  | <b>3,305,000</b>                    | <b>3,305,000</b>                    | <b>1.40</b>                          |

### Warrants

| Warrants outstanding   | Number           | Weighted Average<br>Exercise Price |
|--|------------------|------------------------------------|
| Balance at December 31, 2019                                   | 2,976,166        | \$ 0.50                            |
| Expired  | (2,976,166)      | 0.50                               |
| Granted  | 3,552,500        | 0.20                               |
| <b>Balance at December 31, 2020 and<br/>September 30, 2021</b> | <b>3,552,500</b> | <b>\$ 0.20</b>                     |

The following table summarizes information about the warrants outstanding at September 30, 2021:

| Expiry Date   | Exercise Price | Number of Warrants<br>Outstanding | Average Remaining<br>Life (Years) |
|---------------|----------------|-----------------------------------|-----------------------------------|
| June 22, 2023 | \$0.20         | 3,552,500                         | 1.73                              |

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

### 7. 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 30, |            |
|---|---------------------------------|------------|
|   | 2021                            | 2020       |
| Short term benefits, including fees and salaries (net of refunds) | \$ 205,500                      | \$ 187,500 |
| Share-based compensation (see note 6)                             | -                               | -          |
| Total   | \$ 205,500                      | \$ 187,500 |

During the nine months ended September 30, 2020, the Company paid a total of \$43,250 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 period ended September 30, 2020, two directors and an executive officer of the Company participated and acquired a total of 1,500,000 units of the June 22, 2020 private placement for gross proceeds of \$500,000.

At September 30, 2021 and December 31, 2020, the amounts payable were as follows:

| Related party balances payable                          | September 30, |         | December 31, |         |
|---|---------------|---------|--------------|---------|
|   | 2021          |         | 2020         |         |
| Outstanding amount due within one year                  |               |         |              |         |
| With respect to advances on expenses from related party | \$            | 5,561   | \$           | 4,388   |
| With respect to management fees                         | \$            | 467,269 | \$           | 195,678 |
|   | \$            | 472,830 | \$           | 200,066 |
| Outstanding amount due within more than one year        |               |         |              |         |
| With respect to management fees                         | \$            | 201,667 | \$           | 201,667 |

On November 4, 2020, the Company recorded a loan forgiveness of \$515,306 on a loan payable to Bruce McKean and Cajou Investment Holdings Inc. ("Lender") upon signing a Loan Forgiveness Agreement whereby the Lender forgave the full amount of the loan outstanding.

The amounts due to related party are non-interest bearing and unsecured.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

### 8. Supplemental cash flow information

| Nine months ended September 30    | 2021 | 2020  |
|-----------------------------------|------|-------|
| Cash received (paid) for interest | \$ - | \$ 42 |
| Cash paid for income taxes        | \$ - | \$ -  |

The Company incurred non-cash financing and investing activities during the nine months ended September 30, 2021 and 2020 as follows:

| Nine months ended September 30                       | 2021 | 2020      |
|--|------|-----------|
| Exploration and evaluation activities - amortization | \$ - | \$ 26,142 |

### 9. 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        |
|---|--------------|---------------|--------------|
| <b>September 30, 2021</b>                           |              |               |              |
| Exploration and evaluation properties               | \$ 5,375,062 | \$ -          | \$ 5,375,062 |
|   | \$ 5,375,062 | \$ -          | \$ 5,375,062 |
| <b>December 31, 2020</b>                            |              |               |              |
| Exploration and evaluation properties               | \$ 5,320,080 | \$ -          | \$ 5,320,080 |
|   | \$ 5,320,080 | \$ -          | \$ 5,320,080 |
|   |              |               |              |
|   | <b>Mali</b>  | <b>Canada</b> | <b>Total</b> |
| <b>For the nine months ended September 30, 2021</b> |              |               |              |
| Net (loss)  | \$ 15,340    | \$ 429,409    | \$ 444,749   |
| For the nine months ended September 30, 2020        |              |               |              |
| Net (Loss)  | \$ 17,676    | \$ 456,797    | \$ 474,473   |

### 10. 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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021 and 2020

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### 10. Capital disclosures and financial risk management (continued)

There were no changes in the Company's approach to capital management during the period ended September 30, 2021. 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.

#### 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, 2021, the Company was exposed to currency risk through the following monetary assets and liabilities in Mali FCFA:

|   |                     |
|---|---------------------|
|   | Canadian equivalent |
| Cash  | \$ 8,606            |
| Accounts Payable                            | \$ 82,357           |
|   | <hr/>               |
| Foreign exchange rate at September 30, 2021 | 0.00234             |

Based on the net exposures at September 30, 2021, 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).

#### 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 \$818,168 at September 30, 2021 (December 31, 2020 - \$378,437). Accounts payable is due in 30 days.

# **GREAT QUEST FERTILIZER LTD.**

**Notes to the condensed interim consolidated financial statements**

**(Expressed in Canadian dollars)**

**For the three and nine months ended September 30, 2021 and 2020**

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## **11. Subsequent event**

Subsequent to September 30, 2021, the Company announced it intends to complete a non-brokered private placement for gross proceeds of up to \$1,500,000. The private placement will consist of up to 30,000,000 units of the Company, at a price of \$0.05 per unit. Each unit shall consist of one common share in the capital of the Company and one common share purchase warrant. Each Warrant shall entitle the holder to purchase one common share in the capital of the Company at a price of \$0.10 per warrant share for a period of two years following the closing date, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period the shares trade at \$0.20 or higher on the TSX Venture Exchange (“TSXV”) for a period of 10 consecutive days, the Company shall have the right to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing that it has elected to exercise the acceleration right.