



**GREAT QUEST FERTILIZER LTD.**

Consolidated Financial Statements  
For the years ended  
December 31, 2020 and 2019

## Independent Auditor's Report

To the Shareholders of Great Quest Fertilizer Ltd.

### Opinion

We have audited the consolidated financial statements of Great Quest Fertilizer Ltd. ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Keith Gagnon.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada Canada  
April 23, 2021**

**GREAT QUEST FERTILIZER LTD.**  
**Consolidated statements of financial position**  
*(Expressed in Canadian dollars)*

As at	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 12,271	\$ 71,188
GST recoverable	14,051	9,602
Investments (note 4)	-	13,580
Prepaid expenses	21,546	11,301
	<b>47,868</b>	105,671
<b>Non-current assets</b>		
Equipment (note 5)	-	191,916
Exploration and evaluation properties (note 6)	5,320,080	5,199,008
<b>Total assets</b>	<b>\$ 5,367,948</b>	<b>\$ 5,496,595</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 226,239	\$ 195,162
Due to related parties (note 8)	200,066	97,980
	<b>426,305</b>	293,142
<b>Long term liabilities</b>		
Convertible note (note 9)	-	489,739
Due to related parties (note 8)	201,667	701,667
<b>Total liabilities</b>	<b>627,972</b>	1,484,550
<b>Equity</b>		
Share capital (note 7)	20,905,910	20,553,363
Share-based payment reserve (note 7)	478,106	634,072
Deposit on securities	-	20,250
Non-controlling interest	23,356	23,356
Equity portion of convertible note (note 9)	-	249,973
Deficit	(16,667,396)	(17,468,969)
<b>Total shareholders' equity</b>	<b>4,739,976</b>	4,012,045
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,367,948</b>	<b>\$ 5,496,595</b>

Nature and continuance of operations and going concern (note 1)  
Subsequent Event (note 14)

Approved on behalf of the Board of Directors on April 23, 2021

*"Jed Richardson"*

Jed Richardson – Chief Executive Officer

*"John Clarke"*

John Clarke – Director

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

# GREAT QUEST FERTILIZER LTD.

## Consolidated statements of income (loss) and comprehensive income (loss)

(Expressed in Canadian dollars)

Expenses	Year ended December 31,	
	2020	2019
Accounting and audit	\$ 66,308	\$ 34,270
Consulting	104,653	62,115
Investor relations	52,397	42,763
Legal	817	92,884
Management and director fees (note 8)	172,200	225,350
Office and general	70,685	76,796
Promotion, travel and shareholder relations	53	53,195
Rent	16,425	16,221
Share-based compensation (recovery) expense (notes 7 and 8)	(4,030)	161,464
Telephone and communication	762	3,472
Loss before other items	(480,270)	(768,530)
Convertible note accretion (note 9)	-	(10,016)
Unrealized (loss) on investment (note 4)	-	(17,203)
Realized gain on investment (note 4)	11,498	-
Interest income	52	65
Impairment of equipment (note 5)	(157,061)	-
Gain on sale of vehicles	20,400	-
Loan forgiveness (notes 7, 8 and 9)	1,005,045	-
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<b>\$ 399,664</b>	<b>\$ (795,684)</b>

Net loss and comprehensive loss were 100% attributable to the shareholders of the Company for each of the years ended December 31, 2020 and 2019.

<b>Weighted average number of outstanding shares</b>	<b>60,590,580</b>	<b>58,717,267</b>
<b>Basic and diluted income (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ (0.01)</b>

The above consolidated statements of income (loss) and comprehensive income (loss) should be read in conjunction with the accompanying notes.

# GREAT QUEST FERTILIZER LTD.

## Consolidated statements of cash flows

(Expressed in Canadian dollars)

	For the year ended December 31,	
	2020	2019
<b>Operating activities</b>		
Net income (loss) for the year	\$ 399,664	\$ (795,684)
<i>Adjustments:</i>		
Share-based compensation (recovery) expense	(4,030)	161,464
Impairment of equipment	157,061	-
Gain on sale of vehicles	(20,400)	-
Unrealized loss on investment	-	17,203
Realized gain on investment	(11,498)	-
Convertible note accretion	-	10,016
Loan forgiveness	(1,005,045)	-
	(484,248)	(607,001)
<i>Change in non-cash working capital items:</i>		
GST recoverable	(4,449)	(1,226)
Prepaid expenses	(10,245)	6,697
Due to related parties	117,392	97,980
Accounts payable and accrued liabilities	31,073	33,402
	(350,477)	(470,148)
<b>Financing activities</b>		
Subscriptions received	-	20,250
Private placement	335,000	-
Share issuance costs	(2,702)	-
Advances received from related parties	-	500,000
	332,298	520,250
<b>Investing activities</b>		
Proceeds from sale of investment	25,078	-
Proceeds from sale of vehicles	20,400	-
Exploration and evaluation property costs	(86,216)	(115,191)
	(40,738)	(115,191)
Change in cash and cash equivalents	(58,917)	(65,089)
Cash and cash equivalents at beginning of the year	71,188	136,277
Cash and cash equivalents at end of the year	\$ 12,271	\$ 71,188
<b>Cash and cash equivalents comprised of:</b>		
Cash	\$ 12,271	\$ 62,374
Term deposits	-	8,814
	\$ 12,271	\$ 71,188

Supplemental cash flow information (note 10)

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

# GREAT QUEST FERTILIZER LTD.

## Consolidated statements of changes in equity

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

	Number of shares	Share capital	Treasury shares	Deposit on shares	Share-based payment reserve	Non- controlling interest	Equity Portion of convertible note	Deficit	Total
<b>Balance at January 1, 2019</b>	<b>58,717,267</b>	<b>\$ 20,553,363</b>	-	\$ -	\$ 872,897	\$ 23,356	\$ 249,973	\$(17,073,574)	\$ 4,626,015
Share-based compensation	-	-	-	-	161,464	-	-	-	161,464
Deposit on securities	-	-	-	20,250	-	-	-	-	20,250
Expired options	-	-	-	-	(400,289)	-	-	400,869	-
Net loss for the year	-	-	-	-	-	-	-	(795,684)	(795,684)
<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>23,356</b>	<b>249,973</b>	<b>(17,468,969)</b>	<b>4,012,045</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>23,356</b>	<b>249,973</b>	<b>(17,468,969)</b>	<b>4,012,045</b>
Share-based compensation (recovery) (note 7)	-	-	-	-	(4,030)	-	-	-	(4,030)
Private placement (note 7)	3,552,500	355,250	-	(20,250)	-	-	-	-	335,000
Share issuance costs (note 7)	-	(2,702)	-	-	-	-	-	-	(2,702)
Stock options expired	-	-	-	-	(151,936)	-	-	151,936	-
Loan forgiveness (note 9)	-	-	-	-	-	-	(249,973)	249,973	-
Share repurchase (note 7)	(3,113,488)*	(1)	3,113,488	-	-	-	-	-	(1)
Net income for the year	-	-	-	-	-	-	-	399,664	399,664
<b>Balance at December 31, 2020</b>	<b>59,156,279</b>	<b>\$ 20,905,910</b>	<b>3,113,488</b>	<b>\$ -</b>	<b>\$ 478,106</b>	<b>\$ 23,356</b>	<b>\$ -</b>	<b>\$(16,667,396)</b>	<b>\$ 4,739,976</b>

\* 3,113,488 common shares have been returned to the Company, pending cancellation and return to treasury

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

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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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 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.

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 receive 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. See Notes 7, 8 and 9.

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 consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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### 2. Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable for the reporting period, 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.

### 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).

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

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

- 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 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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

#### (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 other comprehensive income (“OCI”), or through profit or loss), and
- those measured at amortized cost.

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

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

###### *Measurement*

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

###### • *Amortized cost:*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized 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 recognized 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 recognized 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 recognized 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 consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

#### (c) Financial instruments (continued)

##### (i) Financial assets (continued)

###### *Impairment*

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized 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 recognized 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 consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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### 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.

The Company's financial assets and liabilities are recorded and measured as follows:

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<b>Financial assets and liabilities</b>	<b>Classification and measurement</b>
Cash and cash equivalents	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

#### (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 December 31, 2020 cash equivalents consist of only cash.

#### (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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

#### *(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.

#### *(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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

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.

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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

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.

#### *(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 December 31, 2020 and December 31, 2019 as the disturbance to date on the Company's exploration and evaluation properties is not significant.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

#### *(l) Income (loss) per share*

The Company presents the basic income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted income (loss) 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 years ended December 31, 2020 and 2019, all outstanding stock options and warrants were anti-dilutive.

#### *(m) 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.

#### **Accounting standards and amendments issued but not yet effective**

Amendments to standards have been issued but are not yet effective for the year ended December 31, 2020, and accordingly, have not been applied in preparing these consolidated financial statements. The Company reviewed these amendments and concluded that there is no impact on adoption given their nature and applicability.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

### 4. Investments

	Granite Creek Copper Ltd.	
	Number of shares	Value
Balance, December 31, 2018	181,083	\$ 30,783
Fair value adjustment	-	(17,203)
Balance at December 31, 2019	181,083	13,580
Sale of common shares	(181,083)	(13,580)
<b>Balance at December 31, 2020</b>	-	<b>\$ -</b>

During the year ended December 31, 2020, the Company sold its investment in Granite Creek Copper Ltd. for gross proceeds of \$25,078, realizing a gain on disposal of \$11,498.

### 5. Equipment

	Equipment		Total
<b>Cost</b>			
Balance, December 31, 2019	\$ 348,568	\$	348,568
Impairment	(348,568)		(348,568)
<b>Balance, December 31, 2020</b>	<b>\$ -</b>		<b>-</b>
<b>Accumulated Amortization</b>			
Balance, December 31, 2018	\$ 121,796	\$	121,796
Charge for the year	34,856		34,856
Balance, December 31, 2019	156,652		156,652
Charge for the year	34,856		34,856
Impairment	(191,508)		(191,508)
<b>Balance, December 31, 2020</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>
<b>Carrying amounts</b>			
At December 31, 2020	\$ -	\$	-
At December 31, 2019	\$ 191,916	\$	191,916

During the year ended December 31, 2020, the Company allocated amortization of \$Nil (2019: \$Nil) to income statement and \$34,856 (2019: \$34,856) to exploration and evaluation properties (Note 6). Additionally, the Company impaired the full net book value of the equipment of \$157,061 as the Company does not believe that the equipment has any future value to the Company due to a change in the Company's business decision with the agronomic trial program.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

### 6. Exploration and evaluation properties

	Mali		
	Phosphate	Gold	TOTAL
Balance, December 31, 2018	\$ 5,024,951	\$ 24,006	\$ 5,048,957
Additions:			
<i>Deferred exploration costs</i>			
Amortization of equipment	34,856	-	34,856
Licence and Permit	13,153	-	13,153
Land at Markala	23,229	-	23,229
Office, personnel and other	78,813	-	78,813
<b>Balance, December 31, 2019</b>	<b>\$ 5,175,002</b>	<b>\$ 24,006</b>	<b>\$ 5,199,008</b>
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>

#### (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. 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 consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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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. 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. 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. Subsequent to December 31, 2020, 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 consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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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.

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. 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 December 31, 2020, 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.

A summary of the status of the Company's stock option plan as of December 31, 2020 and December 31, 2019. Changes during the years then ended were as follows:

	Number of Options	Weighted Average Exercise price
Stock options outstanding December 31, 2018	5,805,000	\$ 0.28
Expired	(400,000)	1.38
Stock options outstanding at December 31, 2019	5,405,000	0.20
Forfeited	(1,150,000)	0.15
<b>Stock options outstanding at December 31, 2020</b>	<b>4,255,000</b>	<b>\$ 0.21</b>

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

### 7. Share capital (continued)

#### Stock options (continued)

During the year ended December 31, 2020, 1,150,000 options were forfeited following the resignation of officers and directors of the Company. Of the forfeited options, 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 year ended December 31, 2020 was a recovery of \$4,030 (2019 – expense of \$161,464).

During the year ended December 31, 2019, 400,000 options exercisable at a price of \$1.38 expired unexercised.

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2020:

Expiry Date	Exercise Price	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
June 6, 2021	\$0.30	950,000	950,000	0.43
June 12, 2022	\$0.30	1,455,000	1,455,000	1.45
September 13, 2023	\$0.10	1,850,000	1,850,000	2.70
	<b>\$0.21</b>	<b>4,255,000</b>	<b>4,255,000</b>	<b>1.77</b>

#### Warrants

Warrants outstanding	Number	Weighted Average Exercise Price
Balance at December 31, 2018 and 2019	2,976,166	\$ 0.50
Expired	(2,976,166)	0.50
Granted	3,552,500	0.20
<b>Balance at December 31, 2020</b>	<b>3,552,500</b>	<b>\$ 0.20</b>

The following table summarizes information about the warrants outstanding at December 31, 2020:

Expiry Date	Exercise Price	Number of Warrants Outstanding	Average Remaining Life (Years)
June 22, 2023	\$0.20	3,552,500	2.47

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

### 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 year.

#### *Transactions with key management personnel*

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

Compensation	Year ended December 31	
	2020	2019
Short term benefits, including fees and salaries (net of refunds)	\$ 256,000	\$ 225,350
Share-based compensation (see note 7)	10,022	119,316
Total	\$ 266,022	\$ 344,666

During the year ended December 31, 2020, the Company reversed an accrual for director fees in the amount of \$83,800 and credited this to management and director fees on the consolidated statement of income (loss).

During the year ended December 31, 2020, the Company paid a total of \$43,250 (2019: \$218,664) 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 year ended December 31, 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 \$150,000.

During the year ended December 31, 2019, an entity owned and managed by directors of the Company made net advances totaling \$500,000 to the Company.

At December 31, 2020 and 2019, the amounts payable were as follows:

Related party balances payable	December 31, 2020	December 31, 2019
Outstanding amount due within one year		
With respect to advances on expenses from related party	\$ 4,388	\$ 97,980
With respect to management fees	\$ 195,678	\$ -
	\$ 200,066	\$ 97,980
Outstanding amount due within more than one year		
With respect to management fees	\$ 201,667	\$ 201,667
Advance from related party	\$ -	\$ 500,000

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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### 8. Related party transactions and balances (continued)

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.

### 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 was extended and at December 31, 2019 was \$489,739.

On November 4, 2020, the Company terminated its efforts to close the acquisition of Ivoirienne de Noix de Cajou SARL, which 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 receive 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, see Notes 7 and 8.

	Liability Component	Equity Portion
Balance, December 31, 2018	\$ 479,722	\$ 249,973
Accretion	10,017	-
Balance, December 31, 2019	\$ 489,739	\$ 249,973
Loan Forgiveness	(489,739)	-
Credited to deficit	-	(249,973)
Balance, December 31, 2020	\$ -	\$ -

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

### 10. Supplemental cash flow information

Year ended December 31	2020	2019
Cash received (paid) for interest	\$ 52	\$ 65
Cash paid for income taxes	\$ -	\$ -

The Company incurred non-cash financing and investing activities during the year ended December 31, 2020 and 2019 as follows:

Year ended December 31	2020	2019
Exploration and evaluation activities - amortization	\$ 34,856	\$ 34,856

### 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
<b>December 31, 2020</b>			
Exploration and evaluation properties	\$ 5,320,080	\$ -	\$ 5,320,080
Vehicle, equipment and furniture	-	-	-
	\$ 5,320,080	\$ -	\$ 5,320,080
<b>December 31, 2019</b>			
Exploration and evaluation properties	\$ 5,199,008	\$ -	\$ 5,199,008
Vehicle, equipment and furniture	191,916	-	191,916
	\$ 5,390,924	\$ -	\$ 5,390,924
	Mali	Canada	Total
<b>For the year ended December 31, 2020</b>			
Net Income (loss)	\$ (6,969)	\$ 406,633	\$ 399,664
<b>For the year ended December 31, 2019</b>			
Net (Loss)	\$ (36,075)	\$ (759,609)	\$ (795,684)

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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### 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 year ended December 31, 2020. 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 December 31, 2020, the Company was exposed to currency risk through the following monetary assets and liabilities in Mali FCFA:

	Canadian\$ equivalent
Cash	\$ 6,471
Accounts Payable	\$ 82,357
	<hr/>
Foreign exchange rate at December 31, 2020	0.00234

Based on the net exposures at December 31, 2020, 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.

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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

#### 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 \$378,437 at December 31, 2020 (2019 - \$187,471). Accounts payable is due in 30 days.

### 13. Income tax

Income tax expense varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

	2020	2019
Net income (loss) before tax for the year	\$ 399,664	\$ (795,684)
Statutory Canadian corporate tax rate	27%	27%
Anticipated tax expense (recovery)	108,000	(215,000)
Change in tax resulting from:		
Non-capital loss expired	31,000	32,000
Share issuance cost	(1,000)	-
Non-deductible items for tax purposes	(3,000)	46,000
Difference in tax rates in other jurisdictions	(1,000)	(1,000)
Difference in changes in tax rates	(24,000)	-
Unrealized (realized) tax benefits	(110,000)	138,000
Income tax recovery	\$ -	\$ -

The significant components of the Company's unrecorded deferred tax assets (liabilities) are as follows:

	December 31 2020	December 31 2019
Exploration deductions	\$ 1,009,000	\$ 836,000
Investments	-	24,000
Vehicles, equipment and furniture	-	21,000
Non-capital loss carry forwards	2,750,000	2,969,000
Capital loss	23,000	1,000
Share issue costs	1,000	1,000
	3,783,000	3,852,000
Unrecognized deferred tax assets	(3,783,000)	(3,852,000)
	\$ -	\$ -

# GREAT QUEST FERTILIZER LTD.

## Notes to the consolidated financial statements

(Expressed in Canadian dollars)

For the years ended December 31, 2020 and 2019

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### 13. Income tax (continued)

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses in the amount approximately \$9,981,000 will expire as follows:

2027	\$	278,000
2028		626,000
2029		553,000
2030		616,000
2032		1,352,000
2033		1,371,000
2034		1,218,000
2035		924,000
2036		499,000
2037		664,000
2038		776,000
2039		576,000
2040		<u>528,000</u>
	\$	<u>9,981,000</u>

At December 31, 2020, the Company has unclaimed Canadian resource deductions of approximately \$714,000 (2019: \$714,000) which may be deducted against future Canadian taxable income on a discretionary basis. The Company also has certain unused foreign deductions which may be deducted against future foreign taxable income.

### 14. Subsequent Event

Subsequent to December 31, 2020, the Company received loan proceeds of \$60,000 from the Canadian Emergency Business Account (“CEBA”) program.

On January 28, 2021, the Company’s Mali subsidiary Engrais Phosphates du Mali S.A. was dissolved.