



GROWMAX RESOURCES CORP.

Condensed Interim Consolidated Financial Statements

September 30, 2018

GrowMax Resources Corp.

33 Bloor Street East, 5th floor

Toronto, Ontario, Canada M4W 3H1

GrowMax Resources Corp.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars – unaudited)

	Note	September 30, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		32,522	39,157
Other current assets	5	3,690	4,167
Total current assets		36,212	43,324
Non-current assets			
Exploration and evaluation assets	6	53,613	48,684
Property, plant and equipment		169	184
Restricted investments		6,473	6,273
Other non-current assets	7	4,024	3,645
Total assets		100,491	102,110
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,757	1,535
Current payable to Peruvian Group		1,942	1,763
Other current liabilities		255	466
Total current liabilities		3,954	3,764
Non-current liabilities			
Non-current payable to Peruvian Group		3,977	3,425
Deferred payments	8	7,985	6,867
Deferred tax liability		1,390	1,088
Total liabilities		17,306	15,144
Equity			
	9		
Share capital		220,628	220,628
Contributed surplus		39,210	39,171
Accumulated other comprehensive income (loss)		1,077	(239)
Deficit		(183,399)	(178,265)
Equity attributable to owners of the Company		77,516	81,295
Non-controlling interest		5,669	5,671
Total equity		83,185	86,966
Total liabilities and equity		100,491	102,110

Commitments

15

Approved by the Board of Directors on November 21, 2018.

Signed

Signed

"Ron Ho"

"Ross McCutcheon"

Director

Director

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

GrowMax Resources Corp.

Consolidated Statements of Income (Loss)

(Expressed in thousands of Canadian dollars, except share and per share amounts – unaudited)

	Note	Three months ended September 30		Nine months ended September 30	
		2018	2017	2018	2017
Revenue		-	-	-	-
General and administrative expenses					
Depreciation		(4)	(5)	(15)	(18)
Stock-based compensation		(13)	(47)	(39)	(218)
Other general and administrative	10	(1,880)	(930)	(3,489)	(2,940)
		(1,897)	(982)	(3,543)	(3,176)
Other income (expense)	11	(987)	(1,769)	918	(5,661)
Net impairment losses on financial assets	5	(1,942)	-	(1,942)	-
Income (loss) before income tax		(4,826)	(2,751)	(4,567)	(8,837)
Income tax recovery (expense)		(131)	(53)	(266)	366
Net income (loss) for the period		(4,957)	(2,804)	(4,833)	(8,471)
Attributable to:					
Owners of the Company		(4,921)	(2,737)	(4,758)	(8,321)
Non-controlling interest		(36)	(67)	(75)	(150)
		(4,957)	(2,804)	(4,833)	(8,471)
Earnings (loss) per share attributable to Owners of the Company					
Basic and diluted		(0.02)	(0.01)	(0.02)	(0.04)
Weighted average number of common shares Outstanding					
Basic and diluted	9(a),12	213,925,645	213,925,645	213,925,645	214,206,577

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

GrowMax Resources Corp.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in thousands of Canadian dollars – unaudited)

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net income (loss) for the period	(4,957)	(2,804)	(4,833)	(8,471)
Other comprehensive income (loss), net of tax				
<i>Items that may be reclassified to profit or loss:</i>				
Change related to available-for-sale financial assets	-	-	-	1,108
Exchange differences on translating foreign operations	(725)	(1,584)	1,316	(2,983)
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange differences on translating non-controlling interest	(38)	(90)	73	(178)
Comprehensive income (loss) for the period	(5,720)	(4,478)	(3,444)	(10,524)
Attributable to:				
Owners of the Company	(5,646)	(4,321)	(3,442)	(10,196)
Non-controlling interest	(74)	(157)	(2)	(328)
	(5,720)	(4,478)	(3,444)	(10,524)

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

GrowMax Resources Corp.

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars – unaudited)

	Share capital	Treasury shares	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance – December 31, 2016	222,691	(65)	37,152	1,443	(173,323)	87,898	5,956	93,854
Net income (loss)	-	-	-	-	(8,321)	(8,321)	(150)	(8,471)
Other comprehensive income (loss)	-	-	-	(1,875)	-	(1,875)	(178)	(2,053)
Total comprehensive income (loss)	-	-	-	(1,875)	(8,321)	(10,196)	(328)	(10,524)
Share repurchases/cancellations	(2,063)	65	1,760	-	-	(238)	-	(238)
Share-based payments – options	-	-	218	-	-	218	-	218
Transactions impacting NCI	-	-	-	-	(7)	(7)	7	-
Balance – September 30, 2017	220,628	-	39,130	(432)	(181,651)	77,675	5,635	83,310
Balance – December 31, 2017	220,628	-	39,171	(239)	(178,265)	81,295	5,671	86,966
Change in accounting policy (see note 3(b))	-	-	-	-	(376)	(376)	-	(376)
Balance – January 1, 2018	220,628	-	39,171	(239)	(178,641)	80,919	5,671	86,590
Net income (loss)	-	-	-	-	(4,758)	(4,758)	(75)	(4,833)
Other comprehensive income (loss)	-	-	-	1,316	-	1,316	73	1,389
Total comprehensive income (loss)	-	-	-	1,316	(4,758)	(3,442)	(2)	(3,444)
Share-based payments – options	-	-	39	-	-	39	-	39
Balance – September 30, 2018	220,628	-	39,210	1,077	(183,399)	77,516	5,669	83,185

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

GrowMax Resources Corp.

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars – unaudited)

	Note	Nine months ended September 30	
		2018	2017
Operating activities			
Net income (loss) for the period		(4,833)	(8,471)
Adjustments to net income (loss) for non-operating items and non-cash items			
Depreciation		15	18
Stock-based compensation		39	218
Unrealized and other foreign exchange loss (gain)		(1,464)	(685)
Loss (gain) on sale of available-for-sale financial assets	11	36	1,475
Unrealized loss (gain) on fair value through profit or loss financial instruments	11	893	1,219
Net impairment losses on financial assets	5	1,942	-
Income tax expense (recovery)		266	(366)
Other income		-	(94)
Cash provided by (used by) operating activities, before changes in non-cash balance sheet operating items and cash paid for income tax		(3,106)	(6,686)
Net change in non-cash balance sheet operating items	14	(845)	54
Cash paid for income tax		-	(416)
Net cash generated from (used by) operating activities		(3,951)	(7,048)
Investing activities			
Capital expenditures, net	14	(3,721)	(4,177)
Non-restricted cash proceeds from sale of disposal groups		-	1,219
Purchases of available-for-sale financial assets		-	(16)
Proceeds from disposal of available-for-sale financial assets		-	5,837
Net cash generated from (used by) investing activities		(3,721)	2,863
Financing activities			
Share purchases		-	(257)
Net cash generated from (used by) financing activities		-	(257)
Net change in cash and cash equivalents		(7,672)	(4,442)
Effect of foreign exchange rate on cash and cash equivalents		1,037	745
Cash and cash equivalents – beginning of period		39,157	42,896
Cash and cash equivalents – end of period		32,522	39,199
Cash received from interest		447	104

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

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(Currency amounts expressed in thousands, except per tonne amounts, per share amounts and prices – unaudited)

1. General information

GrowMax Resources Corp. (the “Company” or “GrowMax Resources”) is focused on exploration, evaluation, and development of phosphate and potassium-rich brine resources on its Bayovar property (the “Bayovar Property”), which is located in the Sechura Desert in northwestern Peru.

GrowMax Resources is a publicly traded company that was formed on August 22, 2008 by an amalgamation of two predecessor entities. The Company is incorporated and domiciled in Canada. During the quarter ending September 30, 2018, the corporate head office was moved to the 5th floor, 33 Bloor Street East, Toronto, Ontario, Canada, M4W 3H1.

All dollar figures stated herein are expressed in Canadian dollars (\$ or Cdn\$), unless otherwise specified.

2. Basis for presentation

These condensed interim 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”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue operations in the foreseeable future. The Company has conducted exploration activities on its properties. As with many mining operations, the ability of the Company to carry on business is dependent upon many factors, including but not limited to, the ability to obtain additional funding and to find, economically develop, extract and market reserves.

3. Significant accounting policies

The preparation of these condensed interim consolidated financial statements is based on accounting principles and practices consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2017, except as disclosed below.

(a) Income tax

Income tax expense recognized in interim periods is based on the best estimate of the income tax rate expected for the full financial year. At the date of each interim financial report, the effective annual tax rate is re-estimated and is applied to profits earned, or losses incurred, to date.

(b) Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on January 1, 2018 utilizing the modified retrospective exemption which does not require the restatement of prior periods. The provision was computed as of January 1, 2018 and opening retained earnings (deficit) for January 1, 2018 were adjusted to reflect the change in provision. The comparative figures for 2017 were not adjusted.

(i) Financial Assets

Under IFRS 9, financial assets are classified into one of the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through the consolidated statement of income (loss)), or
- those to be 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.

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(Currency amounts expressed in thousands, except per tonne amounts, per share amounts and prices – unaudited)

The Company measures financial assets (except for those classified as fair value through profit or loss) at its fair value plus transaction costs. Transaction costs of financial assets carried at fair value through profit or loss (“FVPL”) are expensed in the consolidated statement of income (loss).

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its debt instruments:

- **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 recognized using the effective interest method. Foreign exchange gains and losses as well as any gain or loss arising on derecognition are recognized in the consolidated statement of income (loss).
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (“FVOCI”). Movements in the carrying amount are recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated statement of income (loss). When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the consolidated statement of income (loss).
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated statement of income (loss).

Equity instruments

Unless an election is made, the Company subsequently measures all equity investments at fair value. Where the Company 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 the consolidated statement of income (loss) following the derecognition of the investment.

Changes in the fair value of financial assets at FVPL are recognized in the consolidated statement of income (loss). Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

Under IFRS 9, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(ii) Financial Liabilities

Under IFRS 9, the Company’s financial liabilities are classified into one of the two categories: at FVPL or at amortized cost.

- **FVPL:** Financial liabilities carried at FVPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVPL are recognized in the consolidated statement of income (loss) in the period in which they arise, except for changes in fair value resulting from an entity’s own credit risk which are recognized in other comprehensive income (loss). The deferred payments liability has been classified as a FVPL financial liability. The Company

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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has determined that changes in its credit risk has not materially impacted the fair value of the deferred payments liability.

- Financial liabilities at amortized cost: Financials liabilities carried at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The following table shows the classification and carrying value of the Company's financial instruments on adoption of IFRS 9:

	Measurement Category		January 1, 2018 Carrying Amount		
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)	Difference
Financial assets					
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost	39,157	39,157	-
Other current assets ⁽¹⁾	Loans and receivables (amortized cost)	Amortized cost	3,764	3,388	(376)
Restricted investments	Loans and receivables (amortized cost)	Amortized cost	6,273	6,273	-
Financial liabilities					
Deferred payments	FVPL	FVPL	6,867	6,867	-
Accounts payable and accrued liabilities	Other (amortized cost)	Amortized cost	1,535	1,535	-
Current payable to Peruvian Group	Other (amortized cost)	Amortized cost	1,763	1,763	-
Non-current payable to Peruvian Group	Other (amortized cost)	Amortized cost	3,425	3,425	-
Other current liabilities	Other (amortized cost)	Amortized cost	302	302	-

Note:

- (1) Includes a receivable from the sale of Energicon S.A. ("Energicon") – see note (5) for further information. Applying the expected credit risk model resulted in the recognition of a loss allowance of \$376 (US\$300) on January 1, 2018 (previous loss allowance was \$nil). The loss allowance was calculated based on a 12-month expected credit loss rate of 10% and was recorded directly to the deficit on January 1, 2018.

4. Critical accounting estimates and judgements

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended December 31, 2017, except as disclosed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period. See notes 3(b) and 5 for further information.

5. Other current assets

	September 30, 2018	December 31, 2017
Receivable from the sale of Energicon S.A. ⁽¹⁾	1,553	3,764
Loan to Fertimar Mineração e Navegação Ltda. ⁽²⁾	1,800	-
Other	337	403
	3,690	4,167

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(Currency amounts expressed in thousands, except per tonne amounts, per share amounts and prices – unaudited)

Notes:

- (1) The September 30, 2018 carrying value is net of a \$376 (US\$300) loss allowance recorded on January 1, 2018 (see note 3(b)) and an additional \$1,942 (US\$1,500) loss allowance recorded in the third quarter ended September 30, 2018. During the third quarter ended September 30, 2018 the expected credit loss rate was increased to 60% as a result of the increased risk associated with the receivable. This increased risk is primarily due to the default of the first installment which was due September 30, 2018 (US\$1,000). The Company is in discussions to renegotiate an amended agreement including new repayment terms.
- (2) Loan to Fertimar Mineração e Navegação Ltda. ("Fertimar") with interest calculated using the Certificado de Depósito Interbancário ("CDI") rate in Brazil, currently set at 6.4% per annum. The 181 days bridge facility is secured by a personal guarantee from Eduardo Marinho Christoph. The loan is repayable in three equal monthly installments, 181 days after closing the Fertimar transaction or in one installment, 181 days after a notice from GrowMax Resources to repay the loan is issued, in the event of not closing the Fertimar transaction as per the Share Purchase Agreement (see note 16 for further information).

6. Exploration and evaluation assets

	Mining
Cost	
Balance as at December 31, 2016	46,075
Additions ⁽¹⁾	5,792
Foreign exchange movement	(3,183)
Balance as at December 31, 2017	48,684
Additions ⁽²⁾	3,379
Foreign exchange movement	1,550
Balance as at September 30, 2018	53,613

Notes:

- (1) Mining additions during the year ended December 31, 2017 include \$786 of capitalized interest.
- (2) Mining additions during the nine months ended September 30, 2018 include \$564 of capitalized interest.

7. Other non-current assets

	September 30, 2018	December 31, 2017
Value-added tax receivable – Americas Potash Peru S.A.	4,024	3,645
	4,024	3,645

8. Deferred payments

As at September 30, 2018 and December 31, 2017, the carrying value of the deferred payments liability was \$7,985 and \$6,867, respectively. The significant unobservable inputs used in determining the fair value of the deferred payments liability at September 30, 2018 were substantially the same as at December 31, 2017. The discount rate used to calculate the fair value of the liability at both September 30, 2018 and December 31, 2017 was 15%.

9. Equity

(a) Common shares

The following table summarizes the common share activity of the Company during the nine months ended September 30, 2018 and the year ended December 31, 2017:

	September 30, 2018	December 31, 2017
	Number of shares	Number of shares
Balance outstanding, beginning of year	213,925,645	215,506,645
Shares purchased pursuant to NCIB	-	(1,581,000)
Balance outstanding, end of period	213,925,645	213,925,645

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(Currency amounts expressed in thousands, except per tonne amounts, per share amounts and prices – unaudited)

(b) Options to purchase common shares

(i) Movement in share options

The changes in share options during the nine months ended September 30, 2018 and the year ended December 31, 2017 were as follows:

	September 30, 2018		December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance outstanding, beginning of year	9,208,334	\$0.53	8,935,000	\$1.09
Options granted	-	-	3,300,000	\$0.19
Options expired/cancelled	(4,403,336)	\$0.88	(2,448,335)	\$2.18
Options forfeited	(299,998)	\$0.18	(578,331)	\$0.36
Balance outstanding, end of period	4,505,000	\$0.21	9,208,334	\$0.53

(ii) Share options outstanding at the end of the period

The following table summarizes information concerning outstanding and exercisable options of the Company at September 30, 2018:

Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (years)
800,000	800,000	\$0.25	2.21
3,580,000	2,386,667	\$0.20	3.60
125,000	41,667	\$0.11	4.20
4,505,000	3,228,334		3.37

The weighted average exercise price of options exercisable at September 30, 2018 is \$0.21.

(c) Warrants

The following table summarizes information concerning outstanding and exercisable warrants of the Company at September 30, 2018:

Warrants outstanding	Warrants exercisable	Exercise price	Weighted average remaining contractual life (years)
2,000,000	2,000,000	\$0.25 ⁽¹⁾	0.15

Note:

(1) Only exercisable if the trading price of the common shares is \$0.75 or higher for not less than ten (10) consecutive trading days on the TSX Venture Exchange.

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(Currency amounts expressed in thousands, except per tonne amounts, per share amounts and prices – unaudited)

10. Other general and administrative expenses

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Employee benefits	350	626	1,172	1,818
Professional and consulting	1,350	146	1,744	509
Travel	42	43	192	217
Rent	12	28	45	62
Insurance	11	11	31	35
Other expenses	115	76	305	299
	1,880	930	3,489	2,940

11. Other income (expense)

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Gain (loss) on sale of available-for-sale financial assets	-	-	(36)	(1,475)
Gain (loss) on fair value through profit or loss financial instruments	(432)	(252)	(893)	(1,219)
Foreign exchange gain (loss)	(729)	(1,674)	1,339	(3,335)
Interest income	169	157	499	274
Other	5	-	9	94
	(987)	(1,769)	918	(5,661)

12. Earnings (loss) per share

The following table summarizes earnings (loss) used to calculate basic and diluted earnings per share attributable to Owners of the Company:

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net income (loss) attributable to owners of the Company	(4,921)	(2,737)	(4,758)	(8,321)

The 4,505,000 share options and 2,000,000 warrants outstanding at September 30, 2018 are antidilutive for the nine months ended September 30, 2018. Some of the instruments could potentially dilute basic earnings per share in the future.

13. Related party transactions

The Company incurred the following fees and expenses in connection with related parties (excluding compensation of key management personnel):

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Legal fees ⁽¹⁾	-	88	-	215
Stock-based compensation expense ⁽²⁾	-	1	-	7
	-	89	-	222

Notes:

(1) The legal fees were incurred from the former corporate secretary of GrowMax Resources.

(2) The stock-based compensation expense resulted from the vesting of stock options held by the former corporate secretary of GrowMax Resources.

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(Currency amounts expressed in thousands, except per tonne amounts, per share amounts and prices – unaudited)

14. Supplemental cash flow information

Capital expenditures are comprised of:

	Nine months ended September 30	
	2018	2017
Additions to exploration and evaluation assets	3,379	4,061
Net additions to (disposal of) property, plant and equipment	-	16
Payable to Peruvian Group	(564)	(580)
Changes in other current liabilities	301	-
Changes in accounts payable and accrued liabilities	605	680
Capital expenditures	3,721	4,177

Net change in non-cash balance sheet operating items is summarized as follows:

	Nine months ended September 30	
	2018	2017
Other current assets	(1,502)	120
Other non-current assets	(260)	(55)
Accounts payable and accrued liabilities	827	(37)
Other current liabilities	90	26
Net change in non-cash balance sheet operating items	(845)	54

15. Commitments

Fertilizer project - Peru

In May 2017, a two-year extension and modification to the Company's commitments pursuant to the transfer agreement was approved, which resulted in the following commitments related to the project:

- Complete a revised economic study by March 2018 (which has been completed and submitted);
- Commence production by May 2019;
- Payments of US\$480 to a Peruvian state-owned company (US\$240 was paid during the second quarter of 2017 and the balance of US\$240 was paid during the third quarter of 2018), half of which to be distributed by the Peruvian state-owned company to the local community;
- Produce a minimum of 70% of the annual sales volume set forth in the applicable economic study; and
- Invest a minimum of US\$19,800 in the project from May 2016 to May 2019, of which the Company had fulfilled approximately US\$7,900 up to September 2018.

The Company is in discussions to amend the transfer agreement with Peruvian governmental authorities. There is no assurance that any such amendments will be approved.

16. Subsequent events

Fertimar Mineração e Navegação Ltda. acquisition

GrowMax Resources has entered into a Share Purchase Agreement (the "SPA" or "Agreement") dated August 20, 2018 with the controlling shareholders of Fertimar. Fertimar operates under the name Primasea Nutrição Animal e Vegetal ("PrimaSea"), a privately-held Brazilian producer of animal feed and plant fertilizer products containing special Lithothamnion characteristics.

Under the terms of the SPA, GrowMax Resources will acquire all of the issued and outstanding shares of the companies which wholly-owns Fertimar in exchange for common shares of GrowMax Resources which will represent 50% of the issued and outstanding shares of GrowMax Resources (213,925,645 GrowMax Resources' shares) (the "Acquisition").

The Acquisition will be subject to approval by GrowMax Resources' shareholders at its Annual and Special Meeting of Shareholders (the "Meeting") and require the approval of at least a majority of votes cast by the holders of GrowMax Resources common shares. The Meeting was originally scheduled to be held on September the 25th, 2018.

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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Subsequently the Meeting was postponed to October the 4th 2018 and has been further postponed to a date that will be determined following a hearing before the Crown of the Queen's Bench of Alberta on December the 19th, 2018.

GrowMax Resources determined that the proposed Acquisition will be a business combination in accordance with the definition in IFRS 3, Business Combinations. Due to certain voting restrictions placed on the controlling shareholders of Fertimar, this transaction will be accounted for as an acquisition by GrowMax Resources, with GrowMax Resources being the accounting acquirer on the acquisition date.

Contingencies

Contingent liability

Dissident shareholders filed an Originating Application on October the 1st 2018 in the Court of Queen's Bench of Alberta. Subsequently two Cross Applications were filed by GrowMax Resources.

As at September 30, 2018 no provision in relation to the claim has been recognized in the condensed interim consolidated financial statements as legal advice indicates that it is not probable that a significant liability will arise.