



**DUSOLO FERTILIZERS INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Six Months Ended March 31, 2017 and 2016

(unaudited)

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

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



**DUSOLO FERTILIZERS INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars) - unaudited

	Note	Three Months Ended		Six Months Ended	
		2017	March 31 2016	2017	March 31 2016
		\$	\$	\$	\$
<b>Revenue</b>		356,989	211,769	1,085,254	1,181,066
<b>Cost of goods sold</b>		(278,853)	(222,432)	(551,110)	(675,561)
<b>Depreciation and depletion</b>		(738)	(11,938)	(49,124)	(23,488)
		77,398	(22,601)	485,020	482,017
<b>Expenses</b>					
Accounting		80,133	10,544	221,369	89,246
Amortization		27,523	2,724	33,826	14,272
Conference		21,528	8,920	21,528	14,545
Consulting fees		50,934	33,751	163,310	94,877
Lease		-	890	-	35,616
Exploration expenditures		1,442	228	1,442	30,698
Insurance		15,109	(64,978)	36,417	25,355
Legal fees		52,498	221,866	56,850	221,866
Management fees		14,643	10,885	26,833	87,020
Office and miscellaneous		240,117	129,717	512,310	167,422
Rent		4,841	6,500	9,457	19,500
Salaries		174,840	205,175	418,126	297,548
Selling		9,916	67,142	75,188	405,532
Shareholder communication		35,224	8,970	39,080	21,754
Share-based compensation	8	16,974	200	35,948	86,393
Travel		16,955	41,803	92,927	78,509
		(762,676)	(684,337)	(1,744,610)	(1,690,153)
Loss before other items		(685,278)	(706,938)	(1,259,590)	(1,208,136)
<b>Other items</b>					
Finance cost	9	(203,608)	(166,300)	(237,130)	(278,775)
Foreign exchange		21,587	-	-	(9,039)
Gain on reversal of accounts payable		31,000	-	31,000	-
Impairment of exploration and evaluation assets		(75,504)	-	(75,504)	-
<b>Net loss</b>		(911,803)	(873,238)	(1,541,224)	(1,495,950)
<b>Other comprehensive loss</b>					
Items that may be reclassified subsequently to income or loss					
Currency translation differences of foreign operations		42,704	(292,995)	50,381	(30,361)
<b>Comprehensive loss</b>		(869,099)	(1,166,233)	(1,490,843)	(1,526,311)
Basic and diluted loss per common share		(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding – basic and diluted		242,144,579	154,639,385	242,144,579	154,639,385

The accompanying notes form an integral part of the condensed interim consolidated financial statements

**DUSOLO FERTILIZERS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars) - unaudited

	<b>Six Months Ended March 31</b>	
	2017	2016
	\$	\$
<b>Operating Activities</b>		
Net loss for the period	(1,541,224)	(1,495,950)
Adjustment for items not affecting cash:		
Finance cost – asset retirement obligation	2,233	-
Finance cost – convertible debenture	47,722	118,184
Finance cost – accrued interest	-	5,300
Finance cost – acquisition payable amendment	90,947	-
Finance cost – acquisition payable accretion	-	91,125
Impairment – E&E	75,504	-
Amortization	82,950	37,760
Share-based compensation (note 8)	35,947	86,393
Foreign exchange and other	(364,940)	(252,780)
Changes in non-cash working capital balances:		
Accounts receivable	304,594	175,107
Prepaid expenses and deposits	(85,709)	16,138
Inventories	(689,543)	573,806
Deferred revenue	(12,528)	(190,887)
Accounts payable	689,180	(1,141,921)
Net cash used in operating activities	(1,364,867)	(1,977,725)
<b>Investing Activities</b>		
Transfer from restricted cash	-	90,021
Exploration and evaluation expenditures (note 4)	(388,853)	(52,662)
Equipment (note 5)	(131,087)	-
Payments made for acquisition payable (note 7)	(161,942)	(49,382)
Net cash used in investing activities	(681,882)	(12,023)
<b>Financing Activities</b>		
Repayment of lease obligation	(10,178)	(6,116)
Repayment of bank loan	-	(28,900)
Proceeds from convertible debenture	-	750,000
Repayment of loan payable	-	(197,108)
Net cash (paid) provided by financing activities	(10,178)	517,876
Change in cash and cash equivalents during the period	(2,056,927)	(1,471,872)
Foreign exchange effect on cash	(11,983)	(7,033)
Cash and cash equivalents, beginning of the period	2,310,983	1,747,560
Cash and cash equivalents, end of the period	242,073	268,655

The accompanying notes form an integral part of the condensed interim consolidated financial statements

**DUSOLO FERTILIZERS INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars) - unaudited

	Note	Number of shares	Share Capital \$	Equity Reserve \$	Deficit \$	Accumulated Other Comprehensive Income \$	Shareholders' Equity \$
Balance, September 30, 2015		154,639,385	24,783,330	3,347,023	(23,665,759)	(1,418,865)	3,045,729
Share-based compensation		-	-	86,393	-	-	86,393
Amount relate to convertible debenture		-	-	37,190	-	-	37,190
Net loss for the period		-	-	-	(1,495,950)	-	(1,495,950)
Currency translation differences of foreign operations		-	-	-	-	(30,361)	(30,061)
Balance, March 31, 2016		154,639,385	24,783,330	3,470,606	(25,161,709)	(1,449,226)	1,643,001
Share-based compensation		-	-	3,722	-	-	90,115
Issuance of common shares for cash, net of costs		87,505,194	3,419,535	-	-	-	3,419,535
Warrants issued to brokers		-	(22,545)	22,545	-	-	-
Net loss for the year		-	-	-	(2,575,798)	-	(2,575,798)
Currency translation differences of foreign operations		-	-	-	-	432,967	432,967
Balance, September 30, 2016		242,144,579	28,180,320	3,496,873	(27,737,507)	(1,016,259)	2,923,427
Share-based compensation (note 8)		-	-	35,948	-	-	35,948
Net loss for the year		-	-	-	(1,541,224)	-	(1,541,224)
Currency translation differences of foreign operations		-	-	-	-	50,318	50,318
Balance, March 31, 2017		242,144,579	28,180,320	3,532,821	(29,278,731)	(965,941)	1,468,469

The accompanying notes form an integral part of the condensed interim consolidated financial statements

## **DUSOLO FERTILIZERS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2017 and 2016

(Expressed in Canadian Dollars) - unaudited

### **1. Nature of Operations and Going Concern**

DuSolo Fertilizers Inc. (the "Company") was incorporated on March 11, 2004 under the laws of the Province of British Columbia. The Company is engaged in production of phosphate fertilizers, and acquiring, exploring and evaluating mineral properties in Canada and Brazil. The Company's shares are publicly traded on the TSX Venture Exchange under the symbol DSF. The address of the Company's corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada.

On October 1, 2014, the Company commenced production of Direct Application Natural Fertilizer ("DANF") phosphate rock products on the Santiago claim of the Bonfim Project located in the state of Tocantins, Brazil. The Company has not yet determined whether its other mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to commence profitable operations in the future.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has a working capital deficiency of \$2,842,468 (September 30, 2016 - \$800,846) and accumulated losses of \$29,278,731 (September 30, 2016 - \$27,737,507). At its current expenditure rate, the Company will not be able to sustain operations for the upcoming fiscal year without raising additional cash. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, including raising additional equity financing, estimating future exercises of options and warrants, and considering the cash likely to be generated from future sales, the Company requires additional financing for investment in exploration, development of new products, technical reports to support the new products and corporate costs. It is not possible to predict whether future financing efforts will be successful. The Company has never generated positive cash flows from operations and until October 1, 2014 had never generated revenues. All of these factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**DUSOLO FERTILIZERS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars) - unaudited

**2. Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2016, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements have been approved and authorized by the Board of Directors on May 29, 2017.

**3. Inventories**

	March 31, 2017	September 30, 2016
DANF fertilizers	\$ 35,447	\$ 97,426
Process material stockpiles	883,284	118,343
Materials and supplies	-	13,419
	\$ 918,731	\$ 229,188

## DUSOLO FERTILIZERS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars) - unaudited

### 4. Property, Equipment and Mining Properties

	Building and structure \$	Office furniture and equipment \$	Field equipment \$	Computer equipment and software \$	Vehicle under finance lease \$	Processing equipment \$	Marketing equipment \$	Leasehold improvement \$	Mining properties \$	Total \$
<b>Cost</b>										
Balance at September 30, 2016	6,517	60,523	35,257	27,263	162,273	379,435	8,457	2,801	881,400	1,563,925
Current period additions	-	-	-	-	131,087	-	-	-	-	131,087
Impairment	-	-	-	-	-	-	-	-	-	-
Movement in foreign exchange	-	(266)	(155)	(120)	(712)	(1,667)	-	-	(3,950)	(6,870)
Balance at March 31, 2017	6,517	60,257	35,102	27,143	292,648	377,768	8,457	2,801	877,449	1,688,142
<b>Accumulated Depreciation</b>										
Balance at September 30, 2016	6,517	40,542	31,549	23,116	99,293	91,677	8,457	2,801	36,266	340,220
Depreciation expense	-	1,176	1,823	4,027	5,400	21,400	-	-	49,124	70,472
Balance at March 31, 2017	6,517	41,719	33,373	27,143	104,693	113,077	8,457	2,801	85,390	423,169
<b>Carrying Amount</b>										
<b>At March 31, 2017</b>	-	18,538	1,729	-	187,955	264,691	-	-	792,059	1,264,972
<b>Cost</b>										
Balance at September 30, 2015	6,517	57,806	34,753	26,699	153,709	340,308	8,457	2,801	778,687	1,409,737
Current period additions	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Movement in foreign exchange	-	2,717	504	564	8,564	39,127	-	-	102,713	154,188
Balance at September 30, 2016	6,517	60,523	35,257	27,263	162,273	379,435	8,457	2,801	881,400	1,563,925
<b>Accumulated Depreciation</b>										
Balance at September 30, 2015	2,280	32,021	21,336	15,463	92,221	44,701	5,814	2,801	36,266	252,903
Depreciation expense	4,237	8,521	10,213	7,653	7,072	46,978	2,643	-	-	87,317
Balance at September 30, 2016	6,517	40,542	31,549	23,116	99,293	91,679	8,457	2,801	36,266	340,220
<b>Carrying Amount</b>										
<b>At September 30, 2016</b>	-	19,981	3,708	4,147	62,980	287,758	-	-	845,133	1,223,706

**DUSOLO FERTILIZERS INC.**

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**5. Exploration and Evaluation Assets**

The schedule below summarizes the carrying costs of acquisition costs and all deferred exploration costs incurred to date for the Bonfim mineral property interest that the Company is continuing to explore as at March 31, 2017:

	Bonfim \$
<b>Exploration costs</b>	
Balance, September 30, 2016	2,441,801
Camp and supplies	4,062
Drilling	3,721
Geological consulting	154,051
Laboratory analysis	425
Mine contract work	52,312
Salaries	150,327
Vehicle	23,955
	388,853
Total exploration costs	2,830,654
Movement in foreign exchange	222,298
Impairment write-down	(75,504)
Balance, March 31, 2017	2,977,448

	Bonfim \$
<b>Exploration costs</b>	
Balance, September 30, 2015	1,989,056
Camp and supplies	24,760
Drilling	119,414
Environmental	10,916
Geological consulting	170,898
Government fees and other	159,988
Laboratory analysis	7,672
Salaries	84,775
Topography	4,700
Travel	12,724
Vehicle	63,031
	658,878
Total exploration costs	2,647,934
Movement in foreign exchange	323,098
Impairment write-down	(529,231)
Balance, September 30, 2016	2,441,801

## DUSOLO FERTILIZERS INC.

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### 6. Convertible Debenture

On October 1, 2015, the Company closed a convertible debenture financing, issuing unsecured convertible debentures of \$750,000. The debenture holder has the right to convert the principal amount together with all interest accrued and establishment fee into common shares and warrants of the Company up to the maturity date of September 30, 2015 (the "Maturity Date") at a conversion price of \$0.10 per unit. Each unit consists of one common share and one warrant. The debenture bear interest at 10% per annum and establishment fee of 5%, payable annually in arrears from the date of issue to the Maturity Date.

The proceeds of the debentures were allocated between equity and liability components by determining the estimated fair value of the liability component and applying the residual balance to the equity component. The fair value interest rate was estimated at 21% (for a liability without the conversion feature) and resulted in an initial fair value of the liability component of \$712,810 and a residual value of \$37,190 assigned to the equity component which was recorded in equity reserve.

After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face amount over the term to maturity of the convertible debenture at an effective interest rate of 21%.

On December 7, 2016, the Company and the Lender of the convertible debenture entered into an Amendment Agreement of the convertible debenture. Under the terms of the Amendment, the revised loan principal was \$876,267. The loan bears establishment fee of 5% and annual interest rate of 10% and matures on December 6, 2017. The Lender has the right to convert full outstanding balance to a unit for \$0.05 per unit. Each unit includes one common share and one half of share purchase warrant at exercise price of \$0.065.

	\$
Balance at September 30, 2016	862,500
Accretion and interest	47,722
<b>Balance at March 31, 2017</b>	<b>910,222</b>

### 7. Acquisition of Non-Controlling Interest

At September 30, 2013, the Company owned a 75% interest in P-Tec which owned 100% interest in the Bonfim property. On August 26, 2014, the Company purchased all of the shares of P-Tec held by the former minority shareholder at a cost of R\$5,000,000 to acquire 100% of P-Tec. During the year ended September 30, 2015, the Company made payment of R\$2,000,000 to the former minority shareholder.

On December 1, 2015, the Company entered into an agreement to amend the purchase price payment schedule. During the year ended September 30, 2016, the Company and the former minority shareholder, Quantum Fertilizantes do Tocantins Ltda ("Quantum"), reached an agreement to amend the original payment schedule as follows:

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Notes to the Condensed Interim Consolidated Financial Statements

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**7. Acquisition of Non-Controlling Interest (continued)**

Year ended		R\$
2016	\$	515,000 (paid)
2017		3,420,000 (partially paid)
	\$	3,935,000

During the six months ended March 31, 2017, the Company paid R\$1,000,000 to Quantum pursuant to the liability and signed an amendment, resulting in a 10% increase in the total payable, being R\$220,000, bringing the remaining liability owed to Quantum to R\$2,420,000 million.

As at March 31, 2017, the Company accrued acquisition liabilities of:

	\$
Acquisition liability as of September 30, 2016 (R\$3,200,000)	1,293,760
Payment – R\$1,000,000	(409,978)
Amendment – R\$220,000	90,947
Foreign exchange impact	48,205
Acquisition liability as of March 31, 2017 (R\$2,200,000)	1,022,934
Less: current portion	(1,022,934)
	-

**8. Share Capital**Common shares

At March 31, 2017, the Company is authorized to issue an unlimited number of common shares with no par value. Shares issued and paid up at March 31, 2017 are as follows:

	Number of common shares	Amount \$
Balance at March 31, 2017	242,144,579	28,180,320

Warrants:

## Share Purchase Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of the Company's issued and outstanding warrants at March 31, 2017 was as follows:

Expiry date	Number of Warrants	Exercise Price
September 28, 2018	12,203,935	\$0.15
September 28, 2018	1,090,600	\$0.10
November 20, 2017	1,750,364	\$0.04
Balance, March 31, 2017	15,044,899	

**DUSOLO FERTILIZERS INC.**

Notes to the Condensed Interim Consolidated Financial Statements

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**8. Share Capital (continued)**Stock Options (continued):

Stock option activities for the six months ended March 31, 2017 are as follows:

	Number of stock options	Weighted average exercise price \$
Balance, September 30, 2016	7,690,000	0.12
Granted	1,400,000	0.05
Forfeited	(495,000)	0.08
Balance, March 31, 2017	8,595,000	0.11
Exercisable at March 31, 2017	3,992,700	0.17

Details of stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	March 31, 2017 Number Outstanding	September 30, 2016 Number Outstanding
May 28, 2017	0.22	400,000	400,000
February 18, 2018	0.38	150,000	150,000
March 27, 2018	0.38	100,000	100,000
May 22, 2018	0.38	150,000	150,000
January 14, 2019	0.24	650,000	650,000
August 5, 2019	0.23	200,000	200,000
February 2, 2020	0.23	845,000	845,000
October 5, 2020	0.10	600,000	930,000
May 30, 2021	\$ 0.05	4,100,000	4,265,000
November 23, 2021	\$ 0.05	400,000	-
March 8, 2022	\$ 0.05	1,000,000	-
		8,595,000	7,690,000

During the six months ended March 31, 2017, the Company granted 1,400,000 (2016 – 2,200,000) stock options to an employee of the Company. The options are exercisable for a period of five years at a weighted average price of \$0.05 per share. The options vest 1/3 on grant date and 1/3 every twelve months thereafter.

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## Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars) - unaudited

**8. Share Capital (continued)**Stock Options (continued):

The weighted average fair value of the options granted during the three months ended March 31, 2017 was approximately \$0.02 per share (March 31, 2016 - \$0.03) The fair value was estimated using the Black-Scholes option pricing model using the following assumptions:

	March 31, 2017	March 31, 2016
Weighted average risk-free interest rate	0.72%	0.53%
Expected volatility	74.63%	71.35%
Expected dividends	Nil	Nil
Expected life	3 years	3 years

The share-based compensation expense of \$35,947 (March 31, 2016 - \$86,193) was recorded for the six months ended March 31, 2017 in respect of all outstanding stock options.

**9. Finance cost**

	Note	March 31, 2017	March 31, 2016
Accretion on ARO	5	\$ 2,233	-
Amendment to Acquisition payable	7	90,947	-
Interest on convertible debt	5	47,722	-
Accretion – acquisition payable		-	51,125
Finance cost – loan payable		-	76,168
Regulatory fees, fines and other		96,228	314,272
		\$ 237,130	\$ 481,565

**10. Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, accounts payable, bank loan, obligation under finance lease, loan payable, and acquisition payable. The carrying amounts approximate their fair values because of the short-term nature of these instruments. The following schedule outlines the Company's financial instruments at March 31, 2017 measured at fair value on a recurring basis by level within the fair value hierarchy described below.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Cash and cash equivalents	242,073	-	-	242,073

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

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Level 3 –fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

#### 10. Financial Instruments (continued)

##### Financial Instrument Risk Exposure

Management approves and monitors the risk management processes.

##### a) Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

As at March 31, 2017, the Company has accounts receivable of \$162,655 (September 30, 2016 - \$486,526).

##### b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

The Company manages liquidity risk through its management of capital as outlined in Note 19 to the consolidated financial statements. The Company had cash and cash equivalents at March 31, 2017 in the amount of \$242,073 (September 30, 2016 - \$2,310,983) in order to meet short-term business requirements. At March 31, 2017, the Company had current liabilities of \$4,404,565 (September 30, 2016 - \$3,961,195). Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms. The current portion of the acquisition payable, the finance lease obligation, and the bank loan are due within 12 months of the consolidated statement of financial position date.

##### c) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market prices of certain minerals.

##### i) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company's convertible note is at a fixed rate, it is not exposed to interest rate risk at this time.

##### ii) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates.

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**10. Financial Instruments (continued)**

## c) Market Risk (continued)

The fair values of the financial assets and liabilities denominated in Brazilian real are as follows:

	March 31, 2017 R\$	September 30, 2016 R\$
<b>Financial Assets</b>		
Cash	92,135	157,581
Accounts Receivable	423,292	1,064,410
<b>Financial Liabilities</b>		
Accounts payable	4,436,986	2,892,659
Acquisition payable	2,420,000	3,200,000
Bank loan	-	-
Obligation under finance lease	31,449	58,677

As at March 31, 2017, a fluctuation of the Brazilian Real against the Canadian dollar of 10% would result in a change of \$269,387 (September 30, 2016 - \$198,173) in the Company's net comprehensive loss.

**11. Segmented Information**

The Company's revenues of \$1,085,254 (March 31, 2016 - \$969,296) are all attributable to Brazil where sales are recorded from shipments of DANF fertilizers produced by the Bonfim mine. For the period ended March 31, 2017, the Company had four customers that accounted for approximately 19%, 18%, 14% and 10% of revenues respectively.

Geographical information relating to the Company's non-current assets (other than financial instruments) is as follows:

	Canada \$	Brazil \$	Total \$
<b>As at March 31, 2017</b>			
Property, equipment and mining properties	10,602	1,254,370	1,264,972
Exploration and evaluation assets	-	2,977,448	2,977,448

## DUSOLO FERTILIZERS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2017 and 2016

(Expressed in Canadian Dollars) - unaudited

### 12. Related Party Balances and Transactions

A number of key management personnel, consisting of the CEO, CFO, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below. All related party transactions are recorded at the exchange amount that is the amount agreed to by the Company and the related party.

During the six-month period ended March 31, 2016 the Company extended the term of a \$750,000 convertible loan due to an entity with a director in common.

As at March 31, 2017, \$241,502 (September 30, 2016 - \$216,250) was owed to directors, former directors and senior management of the Company is included in accounts payable and accrued liabilities. The amount payable to related parties is due on demand, unsecured and is non-interest bearing.

#### Key Management Personnel Compensation

*6-month period ended March 31, 2017*

<b>Compensation</b>	<b>Salaries</b>	<b>Management</b>	<b>Share-based</b>	<b>Total</b>
	\$	fees	payments	\$
		\$	\$	
Chief Executive Officer	90,000	-	4,851	94,851
Former Chief Financial Officer	60,000	-	2,655	62,655
<b>Total</b>	<b>150,000</b>	<b>-</b>	<b>7,506</b>	<b>157,506</b>

*6-month period ended March 31, 2016*

<b>Compensation</b>	<b>Salaries</b>	<b>Management</b>	<b>Share-based</b>	<b>Total</b>
	\$	fees	payments	\$
		\$	\$	
Chief Executive Officer	90,000	-	10,883	100,883
Former Chief Financial Officer	60,000	-	5,442	65,442
<b>Total</b>	<b>150,000</b>	<b>-</b>	<b>16,325</b>	<b>166,325</b>

### 13. Comparative figures

Certain amounts for the three and six month periods ended March 31, 2016 have been reclassified and restated to conform with the presentation and treatment as at September 30, 2016. The material adjustments include recognizing additional expenses for the period of \$186,122 for social security costs, taxes and employee benefits, which have been included in office and miscellaneous and finance cost.