



GROWMAX RESOURCES CORP.

Condensed Interim Consolidated Financial Statements

March 31, 2018

GrowMax Resources Corp.

2 Bloor Street West, Suite 1900

Toronto, Ontario, Canada M4W 3E2

GrowMax Resources Corp.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars – unaudited)

	Note	March 31, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		38,489	39,157
Other current assets	5	3,881	4,167
Total current assets		42,370	43,324
Non-current assets			
Exploration and evaluation assets	6	51,519	48,684
Property, plant and equipment		185	184
Restricted investments		6,447	6,273
Other non-current assets		3,886	3,645
Total assets		104,407	102,110
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,724	1,535
Current payable to Peruvian Group		1,882	1,763
Other current liabilities		598	466
Total current liabilities		4,204	3,764
Non-current liabilities			
Non-current payable to Peruvian Group		3,659	3,425
Deferred payments	7	7,383	6,867
Deferred tax liability		1,047	1,088
Total liabilities		16,293	15,144
Equity			
	8		
Share capital		220,628	220,628
Contributed surplus		39,188	39,171
Accumulated other comprehensive income (loss)		909	(239)
Deficit		(178,327)	(178,265)
Equity attributable to owners of the Company		82,398	81,295
Non-controlling interest		5,716	5,671
Total equity		88,114	86,966
Total liabilities and equity		104,407	102,110
Commitments	14		
Approved by the Board of Directors on May 23, 2018.			
Signed		Signed	
"Ron Ho"		"Abdel Badwi"	
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 March 31	
		2018	2017
Revenue		-	-
General and administrative expenses			
Depreciation		(6)	(6)
Stock-based compensation		(17)	(105)
Other general and administrative	9	(713)	(822)
		(736)	(933)
Other income (expense)	10	962	(2,552)
Income (loss) before income tax		226	(3,485)
Income tax recovery		71	437
Net income (loss) for the period		297	(3,048)
Attributable to:			
Owners of the Company		314	(3,005)
Non-controlling interest		(17)	(43)
		297	(3,048)
Earnings (loss) per share attributable to owners of the Company			
Basic and diluted	11	0.00	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted	8(a),11	213,925,645	214,777,806

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 March 31	
	2018	2017
Net income (loss) for the period	297	(3,048)
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	1,148	(376)
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translating non-controlling interest	62	(25)
Comprehensive income (loss) for the period	1,507	(2,341)
Attributable to:		
Owners of the Company	1,462	(2,273)
Non-controlling interest	45	(68)
	1,507	(2,341)

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)	-	-	-	-	(3,005)	(3,005)	(43)	(3,048)
Other comprehensive income (loss)	-	-	-	732	-	732	(25)	707
Total comprehensive income (loss)	-	-	-	732	(3,005)	(2,273)	(68)	(2,341)
Share repurchases/cancellations	(1,269)	(44)	1,075	-	-	(238)	-	(238)
Share-based payments – options	-	-	105	-	-	105	-	105
Balance – March 31, 2017	221,422	(109)	38,332	2,175	(176,328)	85,492	5,888	91,380
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)	-	-	-	-	314	314	(17)	297
Other comprehensive income (loss)	-	-	-	1,148	-	1,148	62	1,210
Total comprehensive income (loss)	-	-	-	1,148	314	1,462	45	1,507
Share-based payments – options	-	-	17	-	-	17	-	17
Balance – March 31, 2018	220,628	-	39,188	909	(178,327)	82,398	5,716	88,114

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	Three months ended March 31	
		2018	2017
Operating activities			
Net income (loss) for the period		297	(3,048)
Adjustments to net income (loss) for non-operating items and non-cash items			
Depreciation		6	6
Stock-based compensation expense		17	105
Unrealized and other foreign exchange (gain) loss		(1,156)	207
Loss (gain) on sale of available-for-sale financial assets	10	36	1,475
Unrealized loss (gain) on fair value through profit or loss financial instruments	10	319	577
Deferred income tax expense (recovery)		(71)	(437)
Other income		-	(39)
Cash provided by (used by) operating activities, before changes in non-cash balance sheet operating items and cash paid for income tax		(552)	(1,154)
Net change in non-cash balance sheet operating items	13	(153)	(19)
Cash paid for income tax		-	(416)
Net cash generated from (used by) operating activities		(705)	(1,589)
Investing activities			
Capital expenditures, net	13	(1,059)	(1,430)
Non-restricted cash proceeds from sale of disposal groups		-	826
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		(1,059)	5,217
Financing activities			
Share purchases		-	(257)
Net cash generated from (used by) financing activities		-	(257)
Net change in cash and cash equivalents		(1,764)	3,371
Effect of foreign exchange rate on cash and cash equivalents		1,096	123
Cash and cash equivalents – beginning of period		39,157	42,896
Cash and cash equivalents – end of period		38,489	46,390

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

Americas Petrogas Inc. changed its name to GrowMax Resources Corp. (the “Company” or “GrowMax Resources”) effective August 9, 2016. 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. The corporate head office was relocated to Toronto from Calgary during the year ending December 31, 2017, and is now at Suite 1900, 2 Bloor Street West, Toronto, Ontario, Canada, M4W 3E2

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 is computed as of January 1, 2018 and opening retained earnings (deficit) for January 1, 2018 are adjusted to reflect the change in provision. The comparative figures for 2017 are 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)), and
- those to be measured at amortized cost.

GrowMax Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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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 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		Difference
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)	
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) Relates to a receivable from the sale of Energicon S.A. – 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 deficit on January 1, 2018.

4. Critical accounting estimates and judgements

The preparation of 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 note 3(b) for further information.

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5. Other current assets

	March 31, 2018	December 31, 2017
Receivable from the sale of Energicon S.A. ⁽¹⁾	3,481	3,764
Other	400	403
	3,881	4,167

Note:

(1) The March 31, 2018 carrying value is net of a \$376 (US\$300) loss allowance that was recorded on January 1, 2018. See note 3(b) 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⁾	1,457
Foreign exchange movement	1,378
Balance as at March 31, 2018	51,519

Notes:

(1) Mining additions during the year ended December 31, 2017 include \$786 of capitalized interest.

(2) Mining additions during the three months ended March 31, 2018 include \$208 of capitalized interest.

7. Deferred payments

As at March 31, 2018 and December 31, 2017, the carrying value of the deferred payments liability was \$7,383 and \$6,867, respectively. Other than the discount rate, the significant unobservable inputs used in determining the fair value of the deferred payments liability at March 31, 2018 were substantially the same as at December 31, 2017. The discount rate used to calculate the fair value of the liability at March 31, 2018 was 14% (December 31, 2016 – 15%).

8. Equity

(a) Common shares

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

	March 31, 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

(b) Options to purchase common shares

(i) Movement in share options

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

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Notes to the Condensed Interim Consolidated Financial Statements

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

	March 31, 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	(213,334)	\$1.01	(2,448,335)	\$2.18
Options forfeited	-	-	(578,331)	\$0.36
Balance outstanding, end of period	8,995,000	\$0.52	9,208,334	\$0.53

Subsequent to March 31, 2018, 1,625,000 stock options expired.

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

The following table summarizes information concerning outstanding and exercisable options of the Company at March 31, 2017:

Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (years)
1,625,000	1,625,000	\$1.88	0.09
2,840,000	2,840,000	\$0.25	2.63
4,330,000	2,186,666	\$0.20	4.03
200,000	66,667	\$0.11	4.70
8,995,000	6,718,333		2.89

The weighted average exercise price of options exercisable at March 31, 2018 is \$0.63.

(c) Warrants

The following table summarizes information concerning outstanding and exercisable warrants of the Company at March 31, 2018:

Warrants outstanding	Warrants exercisable	Exercise price	Weighted average remaining contractual life (years)
2,000,000	2,000,000	\$0.25 ⁽¹⁾	0.65

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.

9. Other general and administrative expenses

	Three months ended March 31	
	2018	2017
Employee benefits	394	573
Professional and consulting	127	94
Travel	79	57
Rent	15	9
Insurance	10	11
Other	88	78
	713	822

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 income (expense)

	Three months ended March 31	
	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	(319)	(577)
Foreign exchange gain (loss)	1,157	(593)
Interest income	160	54
Other	-	39
	962	(2,552)

11. 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 March 31	
	2018	2017
Net income (loss) attributable to owners of the Company	314	(3,005)

The 8,995,000 share options and 2,000,000 warrants outstanding at March 31, 2018 are antidilutive for the three months ended March 31, 2018. Some of the instruments could potentially dilute basic earnings per share in the future.

12. 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 March 31	
	2018	2017
Legal fees ⁽¹⁾	-	40
Stock-based compensation expense ⁽²⁾	-	3
	-	43

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 Resource.

13. Supplemental cash flow information

Capital expenditures are comprised of:

	Three months ended March 31	
	2018	2017
Additions to exploration and evaluation assets	1,457	1,189
Net additions to (disposal of) property, plant and equipment	-	7
Payable to Peruvian Group	(208)	-
Changes in accounts payable and accrued liabilities	(190)	234
Capital expenditures	1,059	1,430

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)

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

	Three months ended March 31	
	2018	2017
Other current assets	(138)	98
Other non-current assets	(136)	(59)
Accounts payable and accrued liabilities	(1)	(82)
Other current liabilities	122	24
Net change in non-cash balance sheet operating items	(153)	(19)

14. Commitments

Fertilizer project - Peru

During 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 is due to be paid in May 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\$3,600 up to May 2017.

The Company is in discussions to modify its commitments at the Bayovar Property, though there is no assurance that any such modification will be approved.