

GROWMAX RESOURCES CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
March 31, 2018

1. Introduction and Overview

This Interim management’s discussion and analysis (“MD&A”) – Quarterly Highlights for GrowMax Resources Corp. (TSX-V:GRO) should be read in conjunction with the Company’s condensed interim consolidated financial statements as at and for the period ended March 31, 2018 and the Company’s annual MD&A and audited consolidated financial statements as at and for the year ended December 31, 2017. Except as otherwise indicated or where the context so requires, references to “GrowMax Resources” or the “Company” include GrowMax Resources Corp. and its subsidiaries. The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar figures stated herein are expressed in Canadian dollars (\$ or Cdn\$), unless otherwise specified.

This Interim MD&A – Quarterly Highlights is based on information available up to May 23, 2018, the date on which it was approved by the Board of Directors.

GrowMax Resources is a publicly listed Canadian company with its corporate head office located in Toronto, Ontario. The Company is focused on exploration, evaluation and development of phosphate and potassium-rich brine resources on its Bayovar property (“Bayovar Property”), which is located in the Sechura Desert in northwestern Peru. GrowMax Resources is also concentrating its efforts on leveraging its existing balance sheet to consolidate junior fertilizer assets in Latin America, targeting projects with favourable margins and generating cash flow. The Company’s vision is to become a prominent player in the Latin American fertilizer industry.

See section 3 for a listing of defined terms used in this document and for information on a Non-GAAP Financial Measure (working capital). See section 2 for further information on the calculation of working capital.

This MD&A contains forward-looking information. See section 3 for a discussion of the risks, uncertainties and assumptions relating to forward looking information.

2. Key Items and Financial Highlights

Cash and Working Capital

The following table summarizes the Company’s cash and cash equivalents and working capital as at March 31, 2018 and December 31, 2017:

(\$ in thousands)	March 31, 2018	December 31, 2017
Cash and cash equivalents	38,489	39,157
Working capital ⁽¹⁾	38,166	39,560

Note:

(1) Working capital is calculated as current assets (March 31, 2018 - \$42.4 million; December 31, 2017 - \$43.3 million) less current liabilities (March 31, 2018 - \$4.2 million; December 31, 2017 - \$3.7 million).

See below for information regarding the change in cash and cash equivalents and the change in working capital during the three months ended March 31, 2018.

Financial Highlights

Financial highlights for the first quarter of 2018 are shown below.

Key Figures

(\$ in thousands)	Three months ended March 31	
	2018	2017
General and administrative expenses (excluding stock-based compensation and depreciation)	713	822
Foreign exchange loss (gain)	(1,157)	593

Capital expenditures	1,059	1,430
Net cash used by operating activities	705	1,589

Working capital

At March 31, 2018, the Company had a consolidated working capital position of \$38.2 million. The decrease in working capital from December 31, 2017 (\$39.6 million) can be attributed primarily to approximately:

- (i) \$1.1 million of capital expenditures;
- (ii) \$0.7 million of general and administrative expenses;
- (iii) \$0.4 million of loss allowance recorded on a receivable; and
- (iv) \$0.2 million of other items; *partially offset by*
- (v) \$1.0 million of foreign exchange gains on U.S. dollar denominated financial instruments as a result of the strengthening of the U.S. dollar relative to the Canadian dollar.

Working capital is a Non-GAAP Financial Measure and is calculated as current assets (March 31, 2018 - \$42.4 million; December 31, 2017 - \$43.3 million) less current liabilities (March 31, 2018 - \$4.2 million; December 31, 2017 - \$3.7 million).

Cash and cash equivalents

Operating activities

During the three months ended March 31, 2018 and 2017, the Company used \$0.7 million and \$1.6 million, respectively, for operating activities (which includes changes in non-cash balance sheet operating items). The decrease in cash used for operating activities during the first quarter of 2018 compared to the first quarter of 2017 can be attributable primarily to foreign exchange losses recorded during the first quarter of 2017 and income tax paid during the first quarter of 2017.

Investing activities

During the three months ended March 31, 2018, the Company used \$1.1 million for investing activities, which is attributable to continued capital spending on activities at the Company's Bayovar Property in Peru.

During the three months ended March 31, 2017, the Company generated \$5.2 million from investing activities – this inflow is attributable to (i) the net sale of available-for-sale financial assets (Argentina bonds); (ii) the collection of part of the proceeds from the Energicon S.A. ("Energicon") sale, partially offset by (iii) continued spending on activities at the Bayovar Property.

Financing activities

During the three months ended March 31, 2018, the Company had no cash flows related to financing activities.

During the three months ended March 31, 2017, the Company spent \$0.3 million on purchases of its common shares pursuant to a Normal Course Issuer Bid.

Other current assets

A breakdown of other current assets follows:

(\$ in thousands)	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 \$0.4 million (US\$0.3 million) loss allowance that was recorded on January 1, 2018. See note 3(b) of the Company's March 31, 2018 condensed interim consolidated financial statements for further information.

Exploration and evaluation assets

A breakdown of additions to mining exploration and evaluation assets in Peru during the three months ended March 31, 2018 and 2017 is as follows:

(\$ in thousands)	Three months ended March 31	
	2018	2017
Employee salaries and benefits	415	267
Engineering, drilling and testing	313	232
Interest capitalized	208	186
Consultants	57	144
Concession fees	100	91
Corporate social responsibility	151	83
Building rent	48	53
Other	165	133
Total capitalized mining costs	1,457	1,189

Restricted investments

The Company's restricted investments balance at March 31, 2018 (\$6.4 million) and December 31, 2017 (\$6.3 million) relates to a US\$5.0 million performance bond posted for commitments related to the Bayovar Property. The performance bond was initially required to be posted upon execution of the transfer agreement (the "Transfer Agreement") for the Bayovar Property in May 2014.

The initial amount of the performance bond is US\$5.0 million and is required to be renewed annually during the term of the investment commitment. Once the investment commitment has been satisfied, the Company would substitute this performance bond for another performance bond to secure the production-related payments and the other contractual obligations arising subsequent to the investment commitment.

The performance bond may be foreclosed, and the Transfer Agreement may be terminated, should the capital cost investment and/or the minimum production requirements not be met.

Payable to Peruvian Group

As at March 31, 2018, \$1.9 million of the payable to Peruvian Group is classified as current, as US\$1.5 million is expected to be paid in the twelve months period subsequent to March 31, 2018. As at March 31, 2018, \$3.7 million of the payable to Peruvian Group was classified as non-current, as US\$4.0 million is anticipated to be due more than twelve months subsequent to March 31, 2018.

Deferred tax liability

As at March 31, 2018 and December 31, 2017, the Company had \$1.0 million and \$1.1 million, respectively, of deferred tax liability related to taxable temporary differences in Americas Potash Peru S.A. ("APPSA") that result from foreign exchange fluctuations. APPSA's assets and liabilities are measured, for accounting purposes, in U.S. dollars (APPSA's functional currency), but its taxable profit or loss (and the tax base of its assets and liabilities) is determined in Peruvian Soles.

Accumulated other comprehensive income (loss)

The change in accumulated other comprehensive income (loss) from December 31, 2017 to March 31, 2018 reflects: (i) exchange differences arising on intercompany items that are considered to be part of the Company's net investment in foreign operations; and (ii) foreign currency adjustments which result from translating and consolidating the financial statements of the Company's foreign operations into the Canadian dollar presentation currency.

General and Administrative Expenses

A component of general and administrative expenses is stock-based compensation expense, which arises from the vesting of stock options. For further information regarding stock options, see note 8(b) of the Company's March 31, 2018 condensed interim consolidated financial statements.

A breakdown of other general and administrative expenses follows:

(\$ in thousands)	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

Other Income (Expense)

A breakdown of other income (expense) follows:

(\$ in thousands)	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)

Foreign Exchange Gain (Loss)

Foreign exchange gains (losses) recognized within other income (expense) on the consolidated statement of income (loss) reflects the impact of changes in exchange rates on foreign denominated financial instruments. For the three months ended March 31, 2018 and 2017, the Company recognized \$1.2 million foreign exchange gains and \$0.6 million foreign exchange losses, respectively. The foreign exchange gains (losses) recognized in 2018 and 2017 arose primarily due to U.S. dollar financial instruments and the fluctuation of the U.S. dollar relative to the Canadian dollar.

The volatility of foreign exchange markets creates a significant amount of foreign exchange risk for the Company, given the various transactions in Peruvian Soles, Canadian dollars and U.S. dollars. This affects both the foreign exchange gains (losses) reported in other income (expense) on the consolidated statement of income (loss) as well as the other comprehensive income (loss) reported on the consolidated statement of comprehensive income (loss).

The following table summarizes historic spot exchange rates issued by the Bank of Canada:

Date	Exchange rate	
31-Mar-18	US\$1.00=Cdn\$1.2894	Soles\$1.00=Cdn\$0.3996
31-Dec-17	US\$1.00=Cdn\$1.2545	Soles\$1.00=Cdn\$0.3872
30-Sep-17	US\$1.00=Cdn\$1.2480	Soles\$1.00=Cdn\$0.3822
30-Jun-17	US\$1.00=Cdn\$1.2977	Soles\$1.00=Cdn\$0.3997
31-Mar-17	US\$1.00=Cdn\$1.3299	Soles\$1.00=Cdn\$0.4099
31-Dec-16	US\$1.00=Cdn\$1.3427	Soles\$1.00=Cdn\$0.4001

Gain (Loss) on Sale of Available-for-Sale Financial Assets

During the three months ended March 31, 2017, the Company disposed of substantially all of its remaining investments in U.S. dollar denominated bonds issued by the government of Argentina. As a result of disposing of bonds for proceeds below cost and movements in foreign exchange rates, the Company recognized losses of \$1.5 million, as other income (expense) during the three months ended March 31, 2017.

Gain (loss) on fair value through profit or loss financial instruments

During the three months ended March 31, 2018 and 2017, the Company recognized a loss related to deferred payments, of \$0.3 million and \$0.6 million, respectively as other income (expense). The losses recorded during the three months ended March 31, 2018 and 2017 were primarily a result of the: (i) the decrease in the discount rate and (ii) the passage of time.

Other Comprehensive Income (Loss)

During the three months ended March 31, 2018 and 2017, the Company reported \$1.2 million and \$0.7 million, respectively, of other comprehensive income.

The reported other comprehensive income reflects: (i) changes related to available-for-sale financial assets; (ii) exchange differences arising on intercompany items that are considered to be part of the Company's net investment in foreign operations; and (iii) foreign currency adjustments which result from translating and consolidating the financial statements of the Company's foreign operations into the Canadian dollar presentation currency.

The Company has disposed of significantly all of its remaining bonds and does not anticipate recognizing any further significant other comprehensive income (loss) on available-for-sale financial assets.

Related Party Transactions

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

(\$ in thousands)	Three months ended March 31	
	2018	2017
Legal fees ⁽¹⁾	-	40
Stock-based compensation expense ⁽²⁾	-	3
	-	43

Notes:

- (1) The legal fees (which were expensed as other general and administrative expenses) 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.

Liquidity

As at March 31, 2018, the Company had \$38.5 million of consolidated cash and cash equivalents and had a consolidated working capital position of \$38.2 million. See section 2 for information regarding the change in cash and cash equivalents and the change in working capital during the three months ended March 31, 2018.

Commitments

Bayovar Property

During the second quarter of 2017, a two-year extension and modification to the Company's commitments pursuant to the Transfer Agreement was approved. Below are the outstanding commitments related to the project:

- Commence production by May 2019;
- Payments of US\$0.24 million to a Peruvian state-owned company in May 2018, half of which will 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\$19.8 million in the project from May 2016 to May 2019, of which the Company had fulfilled approximately US\$3.6 million 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.

Milestones

Potash Brine

In March 2018, the Company submitted an updated internal project review to ProInversion relating to the brine resource in order to meet its requirements under the revised Transfer Agreement.

In order to commence commercial production of sulfate of potash ("SOP"), the Company will need to:

1. complete detailed engineering designs and a development plan;
2. progress social, environmental and permitting requirements;
3. construct solar evaporation ponds and a processing plant for the production of SOP;
4. conclude sales, marketing and transportation agreements; and
5. finance the project.

The Company continues to consider its options with relation to the brine project. Optimization studies and economic evaluations are ongoing as are discussions with potential financial partners. An investment decision has not yet been made.

Phosphates

In order to advance towards the commercial production of phosphates at the Bayovar Property, the Company will need to complete further investigations and studies of domestic and regional sales of phosphate rock and to progress on social, environmental and permitting requirements. The Company intends to continue to pursue these objectives in 2018, however spending will be reduced until market conditions again warrant increased levels.

Depending on the outcome of market studies, the Company will consider progressing the concept of a large-scale mine, similar to the design concept outlined in the preliminary economic assessment, by completing a feasibility study. At the same time, the Company is working toward submission of permit applications and completion of engineering designs that could allow for construction and commencement of pilot production from a small-scale pilot mine.

Accounting Policies

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on January 1, 2018 using the modified retrospective approach.

Under IFRS 9, financial assets are classified into one of three categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVPL"). Under IFRS 9, financial liabilities are classified into one of two categories: amortized cost or FVPL.

Under IFRS 9, expected credit losses associated with debt instruments carried at amortized cost and FVOCI are assessed on a forward-looking basis. This expected loss model replaces the incurred loss model under IAS 39 and effectively requires the recognition of either the 12-month or the lifetime expected credit losses. As a result of adopting IFRS 9, the Company recognized a loss allowance of \$0.4 million related to a receivable from the sale of Energicon. The loss allowance was recorded directly to deficit on January 1, 2018.

For further information, see note 3(b) of the Company's March 31, 2018 condensed interim consolidated financial statements.

3. Other Information and Advisories

Disclosure of Outstanding Share Data

As of May 23, 2018, the Company has the following securities outstanding:

<u>Description of Security</u>	<u>Number of Securities Outstanding</u>	<u>Additional Comments</u>
Common Shares	213,925,645	

Stock Options	7,370,000	Exercisable at prices ranging from \$0.11 to \$0.25 and which expire between June 2018 and December 2022.
Warrants	2,000,000	Exercisable at a price of \$0.25 provided that 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. Expire on November 23, 2018.

Business Risk Factors

For information on risk factors associated with GrowMax Resources' business, see "Business Risk Factors" in the Company's annual MD&A for the year ended December 31, 2017.

Internal Controls and Disclosure Controls over Financial Reporting

Since the Company is a Venture Issuer, it is required to file basic venture certificates, which it has done for the quarter ended March 31, 2018. The Company makes no assessment relating to establishment and maintenance of internal control over financial reporting and disclosure controls and procedures as at March 31, 2018.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Glossary of Terms

In this Interim MD&A – Quarterly Highlights, the following terms have the meanings ascribed to them, unless the context otherwise requires:

"APPSA"	means Americas Potash Peru S.A., a body corporate under the laws of Peru and a wholly owned subsidiary of GrowMax Agri Corp.;
"Bayovar Property"	means Bayovar mineral concessions Ramon (Licence Bayovar #5 and #6) and Zapayal (Licence Bayovar #7 and #8) in the Sechura area, Piura province, Peru in which APPSA holds a 100% participating interest;
"Board of Directors" or "Board"	means the duly elected board of directors of the Company;
"Common Shares"	means the common shares in the share capital of the Company;
"Company" or "GrowMax Resources"	means GrowMax Resources Corp. (formerly Americas Petrogas Inc.), a corporation existing under the laws of Alberta and, unless the context otherwise requires, includes the wholly owned or controlled subsidiaries of the Company;
"Energicon"	means Energicon S.A., a body corporate under the laws of Argentina and a wholly owned subsidiary of GrowMax Resources up to November 2016;
"EOA"	means Energy Operations Argentina LLC ("EOA"), a private American company;
"Foundation"	means the Communal Foundation of San Martin de Sechura;
"FVOCI"	means fair value through other comprehensive income;
"FVPL"	means fair value through profit or loss;
"IASB"	means the International Accounting Standards Board;
"IFRS"	means International Financial Reporting Standards as issued by the IASB;
"IFRS 9"	Means IFRS 9 <i>Financial Instruments</i> ;
"MD&A"	means management's discussion & analysis;
"Peru"	means the Republic of Peru;
"Peruvian Group"	means the Peruvian party that owned the remaining 30% (now 0%) participating interest in the Bayovar Property prior to January 25, 2016;
"ProInversion"	means the Agency for Promotion of Private Investment of the government of Peru;

“SEDAR”	means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
“SOP”	means Sulfate of Potash;
“Transfer Agreement”	means the transfer agreement executed by the Peruvian state-owned company Activos Mineros S.A.C. and the Executive Director of ProInversion, dated May 16, 2014, granting a 70% (now 100%) interest in the Bayovar Property to APPSA;
“TSX-V”	means the TSX Venture Exchange; and
“VAT”	means Value-added tax.

Forward Looking Information

This Interim MD&A – Quarterly Highlights and certain documents incorporated by reference into this Interim MD&A – Quarterly Highlights contain forward-looking information including, but not limited to, the Company’s goals, plans, strategy and objectives; the Company’s exploration and development activities; the consolidation of junior fertilizer assets; the ability to target projects with favourable margins and generating cash flow; becoming a leading producer of fertilizer products and a prominent player in the Latin American fertilizer industry achieving the Company’s commitments; moving forward on the Bayovar Project; achieving the Company’s commitments; moving forward on the Bayovar Project; the theoretical viability of producing SOP; the planned SOP pilot project; approval of the application for a semi-detailed Environmental Impact Assessment; construction of the SOP pilot project engineering designs and tendering of construction contracts for the phosphate pilot project; the executed agreement between the Company, the local community and the Foundation; the support of the local community and the Foundation towards the Company carrying out activities to progress projects without delay; the Company’s capital program and budget, including the anticipated costs thereof; budget general and administrative costs; further investigations and studies of domestic and regional sales of phosphate rock and timing thereof; progressing on the social, environmental and permitting requirements and timing thereof; completing market studies for domestic and regional sales of different potential fertilizers; construction of a fertilizer plant; design and cost optimization of the potash brine and phosphate projects; improved economics for the projects; the design of a small starter mine; improving the quality of the brine resources; producing geotechnical and flood inundation studies; the ability to deliver the projects on time; preservation of cash; improved set of projects’ economics; delivery of value moving forward; construction of evaporation ponds and timing thereof; the receipt of the remaining receivable from the sale of Energicon; the completion of detailed engineering designs and a development plan for the SOP project; the construction of solar evaporation ponds and a processing plant for the production of SOP and timing thereof; the conclusion of sales, marketing and transportation agreements for the SOP project; construction of and production from pilot ponds/mines and timing thereof; completion of engineering designs for a small-scale pilot mine and production therefrom; progressing and optimizing the concept of a large-scale mine; completion of a feasibility study and timing thereof; submission of permit applications; major milestones required to commence commercial production of carnallite, kainite and/or potash at the Bayovar Property; major milestones required to advance towards the commercial production of phosphates at the Bayovar Property; plans for permitting, engineering and construction and timing thereof; plans for future production and sales and timing thereof; work related to the Company’s potash project at Bayovar; the potential for phosphates, potash, and other minerals in respect of the land in the Sechura Desert; future drilling plans in Peru; the substitution of the performance bond posted for commitments in Peru once the investment commitment has been performed, expectations regarding the Company’s ability to fund all of its commitments/contractual agreements and other discretionary future capital costs; the availability of project financing or a development partner; and the availability of additional funding; 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.

Forward-looking information is not based on historical facts but rather is based on management’s expectations regarding the Company’s future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities and expectations with respect to general economic and capital market conditions. Such forward-looking information reflects management’s current beliefs and assumptions and is based on information currently available to GrowMax Resources’ management. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including but not limited to, risks associated with the natural resources industry (e.g. operational risks in development, exploration and production, delays or changes to plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource and reserve estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections in relation to production costs and expenses and health, safety and environment risks), the risk of commodity price and foreign exchange rate fluctuations; climate risk; the uncertainty associated with negotiating and dealing with

foreign governments and communities and third parties located in foreign jurisdictions; general market risks; title risks; expropriation risks; risks arising from dependence on key personnel; uninsurable risks; risks arising from the inability to obtain necessary equipment and services; risks arising from reliance on third party contractors and partners; third party credit risk; risks arising from managing the growth of the Company; inflation risks; dilution risks; risks associated with obtaining and retaining qualified personnel and the risks associated with international activity.

There can be no assurance that the Company will obtain licenses, concessions, extensions or other approvals when needed, or at all, and that further exploration of the Company's Peruvian property will lead to commercial discoveries or, if there are commercial discoveries, that the Company will be able to secure the necessary regulatory approvals to commercially exploit such resources as intended. Few mineral properties that are explored are ultimately developed into new mineral reserves or resources. Cash flow from operations is dependent on future production levels, commodity prices, foreign exchange rates, and government restrictions. Additional risks and uncertainties associated with the Company's future plans are described elsewhere in this Interim MD&A – Quarterly Highlights. Although the forward-looking information contained herein is based upon assumptions which management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with this forward-looking information.

The forward-looking statements contained in this Interim MD&A – Quarterly Highlights and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. This forward-looking information is made as of the date hereof and the Company assumes no obligation to update or revise this information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the Company's securities should not place undue reliance on this forward-looking information.

Non-GAAP Financial Measure

The Company uses and reports a measurement in the evaluation of its liquidity and financial position that does not have any standardized meaning prescribed by IFRS, referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies.

Working Capital

The Company uses "working capital" to assess liquidity and general financial strength. Working capital is calculated as current assets less current liabilities. Working capital should not be considered an alternative to, or more meaningful than current assets or current liabilities as determined in accordance with IFRS. See section 3 for further information on the calculation of this measure.