



**CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim financial statements of Gensource Potash Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Gensource Potash Corporation
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at March 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash	\$ 692,927	\$ 975,158
Prepaid expenses and deposits	17,743	32,954
GST/HST and other receivables	36,243	104,261
Total current assets	746,913	1,112,373
Non-current assets		
Investments	6,592	2,771
Exploration and evaluation assets (notes 3 and 11)	14,155,434	13,949,904
Property, plant and equipment (note 4)	11,979	11,307
Right-of-use assets (note 5)	141,172	155,012
Total non-current assets	14,315,177	14,118,994
Total assets	\$ 15,062,090	\$ 15,231,367
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities	\$ 52,133	\$ 218,089
Flow-through premium obligation	267,660	267,660
Short-term portion of lease liability (note 6)	48,565	46,188
Total current liabilities	368,358	531,937
Non-current liabilities		
Lease liability (note 6)	100,361	113,506
Total liabilities	468,719	645,443
Shareholders' equity		
Share capital (note 7)	32,792,483	32,427,238
Contributed surplus	4,741,252	4,622,371
Deficit	(22,940,364)	(22,463,685)
Total shareholders' equity	14,593,371	14,585,924
Total shareholders' equity and liabilities	\$ 15,062,090	\$ 15,231,367

Nature of operations and going concern (note 1)
Subsequent events (note 12)

Approved by the Board of Directors:

"Michael Ferguson" (signed) Director
Michael Ferguson, Director

"Calvin Redlick" (signed) Director
Calvin Redlick, Director

Gensource Potash Corporation

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Expenses		
General and administrative (notes 10 and 11)	\$ 248,764	\$ 472,528
Share-based payments (note 8 and 11)	211,552	510,963
Depreciation (notes 4 and 5)	14,546	957
	474,862	984,448
Loss before under noted items	(474,862)	(984,448)
Interest income	2,828	693
Unrealized loss on FVTPL investments	3,821	3
Flow-through premium obligation discharged	-	51
Accretion expense (note 6)	(8,466)	-
Loss and comprehensive loss	\$ (476,679)	\$ (983,701)
Basic and diluted net loss per share (note 9)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted (note 9)	367,828,885	288,856,246

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

Gensource Potash Corporation
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
Operating activities		
Net loss	\$ (476,679)	\$ (983,701)
Adjustments for:		
Depreciation	14,546	957
Share-based payments	211,552	510,963
Accretion expense	8,466	-
Unrealized loss on FVTPL investments	(3,821)	(3)
Flow-through premium obligation discharged	-	(51)
	(245,936)	(471,835)
Changes in non-cash working capital	(82,727)	576,582
Net cash (used in) provided by operating activities	(328,663)	104,747
Investing activities		
Purchase of property, plant and equipment	(1,378)	-
Acquisition and expenditures on exploration and evaluation assets	(205,530)	(353,304)
Repayment of lease on right-to-use asset	(19,234)	-
Net cash used in investing activities	(226,142)	(353,304)
Financing activities		
Cash proceeds from exercise of warrants	-	350
Cost of issuance	(1,601)	-
Cash proceeds from exercise of stock options	274,175	-
Net cash provided by financing activities	272,574	350
Net change in cash	(282,231)	(248,207)
Cash, beginning of period	975,158	464,905
Cash, end of period	\$ 692,927	\$ 216,698

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

Gensource Potash Corporation**Condensed Interim Statements of Changes in Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Issued shares	Share capital	Units to be issued	Contributed surplus	Deficit	Total
Balance, December 31, 2017	321,261,676	\$ 27,590,544	\$ 3,552	\$ 3,832,401	\$ (19,315,087)	\$ 12,111,410
Issuance of units from exercise of warrants	5,005	350	-	-	-	350
Share-based payments (note 8)	-	-	-	510,963	-	510,963
Loss and comprehensive loss for the period	-	-	-	-	(983,701)	(983,701)
Balance, March 31, 2018	321,266,681	\$ 27,590,894	\$ 3,552	\$ 4,343,364	\$ (20,298,788)	\$ 11,639,022
Balance, December 31, 2018	365,757,342	\$ 32,427,238	\$ -	\$ 4,622,371	\$ (22,463,685)	\$ 14,585,924
Issuance cost - cash	-	(1,601)	-	-	-	(1,601)
Share-based payments (note 8)	-	-	-	211,552	-	211,552
Issuance of units from exercise of options	2,741,748	366,846	-	(92,671)	-	274,175
Loss and comprehensive loss for the period	-	-	-	-	(476,679)	(476,679)
Balance, March 31, 2019	368,499,090	\$ 32,792,483	\$ -	\$ 4,741,252	\$ (22,940,364)	\$ 14,593,371

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Gensource Potash Corporation (the "Company" or "Gensource") is based in Saskatoon, Saskatchewan and is focused on developing resource opportunities with a specific focus on potash development. As is common with many exploration companies, it raises financing for its exploration and development activities. Its registered head office is located at the care of Peterson McVicar, 18 King Street, Suite 902, Toronto, Ontario, M5C 1C4

These unaudited condensed interim financial statements were authorized and approved by the Board of Directors on May 29, 2019.

The unaudited condensed interim 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. As at March 31, 2019, the Company had working capital of \$378,555, negative cash flows and an accumulated deficit in the amount of \$22,940,364. The Company is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration.

The Company's ability to continue operations, as intended, is dependent on its ability to continue to raise adequate financing in order to sustain ongoing expenditures and to explore and evaluate resource properties. The Company has taken additional steps to preserve cash including deferrals to management compensation. However, there can be no assurance that the Company will be able to obtain sufficient financing to continue its operations or to recover its exploration and evaluation assets. Accordingly, there exists a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim financial statements do not reflect any adjustments or other changes that may be required should the Company be unable to continue as a going concern. Such adjustments and changes could be material.

2. Summary of significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of May 29, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent audited annual financial statements as at and for the year ended December 31, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed interim financial statements.

Gensource Potash Corporation
Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited)

2. Summary of significant accounting policies (continued)

New accounting standard adopted

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation requires the entity to use the most likely amount or the expected value of the tax treatment if it concludes that it is not probable that a particular tax treatment will be accepted. It requires an entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

Recent accounting pronouncement

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. The Company is currently assessing the impact on the unaudited condensed interim financial statements.

3. Exploration and evaluation assets

The Vanguard Project

The Vanguard Area is located in central Saskatchewan and comprises two mineral leases that have been acquired from Yancoal Canada Resources (“YCR”).

On May 18, 2018, the Company entered into a definitive, binding off-take agreement (“Agreement” or “Off-take”) with a senior North American agriculture industry leader (the “Off-taker”). The Agreement incorporates the essential elements which are:

- ◆ Purchase of 100% of the production from one “module” of 250,000 tonne/year capacity,
- ◆ A preliminary marketing plan that facilitates Gensource’s goal of creating a direct link between a potash producing facility in Saskatchewan and the end user,
- ◆ 10-year term with an option to renew for the life of the project,
- ◆ Right of first refusal for the Off-taker to purchase any additional product that may be produced at the project either through de-bottlenecking or expansion of the productive capacity of the facility,
- ◆ Right of first refusal to purchase the project should Gensource elect to sell any portion of it

Gensource Potash Corporation
Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited)

3. Exploration and evaluation assets (continued)

The Vanguard Project (continued)

In August 2018, the Company received a determination of “not a development” from the Saskatchewan Ministry of Environment, Environmental Assessment and Stewardship Branch. This allows the Vanguard project to proceed to the detailed construction licensing/permitting process having achieved environmental approval, for the Vanguard.

Cost	Lazlo	Vanguard	Total
Balance, December 31, 2017	\$ 1,112,673	\$ 10,334,702	\$ 11,447,375
Additions:			
Property acquisition and surface access fees	7,662	467,629	475,291
Geological and project management	-	206,464	206,464
Engineering	-	28,275	28,275
Drilling	-	1,707,118	1,707,118
Seismic	-	-	-
Environmental	-	85,381	85,381
Balance, December 31, 2018	\$ 1,120,335	\$ 12,829,569	\$ 13,949,904
Additions:			
Property acquisition and surface access fees	3,178	34,823	38,001
Geological and project management	-	151,154	151,154
Drilling	-	1,389	1,389
Environmental	-	14,986	14,986
Balance, March 31, 2019	\$ 1,123,513	\$ 13,031,921	\$ 14,155,434

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements
 Three Months Ended March 31, 2019 and 2018
 (Expressed in Canadian Dollars)
 (Unaudited)

4. Property, plant and equipment

Cost

	Furniture and equipment \$	Computer hardware \$	Computer software \$	Leasehold improvements \$	Total \$
Balance, December 31, 2018	106,692	90,836	12,350	95,853	305,731
Additions	-	1,378	-	-	1,378
Balance, March 31, 2019	106,692	92,214	12,350	95,853	307,109

Accumulated depreciation

	Furniture and equipment \$	Computer hardware \$	Computer software \$	Leasehold improvements \$	Total \$
Balance, December 31, 2017	99,588	82,802	12,350	95,853	290,593
Depreciation for the year	1,421	2,410	-	-	3,831
Balance, December 31, 2018	101,009	85,212	12,350	95,853	294,424
Depreciation for the period	284	422	-	-	706
Balance, March 31, 2019	101,293	85,634	12,350	95,853	295,130

Carrying amount

	Furniture and equipment \$	Computer hardware \$	Computer software \$	Leasehold improvements \$	Total \$
At December 31, 2018	5,683	5,624	-	-	11,307
At March 31, 2019	5,399	6,580	-	-	11,979

5. Rights-of-use assets

	Property	Equipment	Total
Balance, January 1, 2018	\$ 50,219	\$ 9,684	\$ 59,903
Additions	160,552	-	160,552
Depreciation	(63,599)	(1,844)	(65,443)
Balance, December 31, 2018	\$ 147,172	\$ 7,840	\$ 155,012
Depreciation	(13,379)	(461)	(13,840)
Balance, March 31, 2019	\$ 133,793	\$ 7,379	\$ 141,172

Gensource Potash Corporation
Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited)

6. Lease liabilities

			Property	Equipment	Total
Balance, January 1, 2018	\$ -	\$ -	\$ 50,219	\$ 9,684	\$ 59,903
Additions	-	-	160,552	-	160,552
Interest expense	-	-	11,960	4,219	16,179
Lease payments	-	-	(72,151)	(4,789)	(76,940)
Balance, December 31, 2018			\$ 150,580	\$ 9,114	\$ 159,694
Interest expense			7,465	1,001	8,466
Lease payments			(18,037)	(1,197)	(19,234)
Balance, March 31, 2019			\$ 140,008	\$ 8,918	\$ 148,926

	As at March 31, 2019	As at December 31, 2018
Short-term lease expense	\$ 48,565	\$ 46,188

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Property	\$ 47,588	\$ 92,421	\$ -	\$ -	\$ 140,009
Equipment	977	4,020	3,920	-	8,917
Total	\$ 48,565	\$ 96,441	\$ 3,920	\$ -	\$ 148,926

7. Share capital

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares. The common shares have no par value.

b) Common shares

At March 31, 2019, the Company had 368,499,090 common shares (December 31, 2018 – 365,757,342) issued and outstanding.

Gensource Potash Corporation
Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited)

7. Share capital (continued)

c) Warrants

The Company has the following warrants outstanding as a result of equity issues:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2017	51,507,555	0.14
Issued	2,502	0.12
Exercised	(5,005)	(0.07)
Balance, March 31, 2018	51,505,052	0.14
Balance, December 31, 2018	17,976,167	0.15
Expired	(14,670,679)	(0.10)
Balance, March 31, 2019	3,305,488	\$0.10

Issue date	Expiry date	Exercise price	Number of warrants
November 29, 2017 ⁽¹⁾	May 29, 2019	\$0.065	532,000
December 15, 2017 ⁽¹⁾	June 15, 2019	\$0.065	551,076
May 31, 2018 ⁽²⁾	June 30, 2019	\$0.125	1,598,080
December 4, 2018 ⁽³⁾	June 4, 2020	\$0.12	624,332
Weighted average exercise price		\$0.10	3,305,488

⁽¹⁾ Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.065 for a period of 18 months.

⁽²⁾ Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.125 for a period of 18 months.

⁽³⁾ Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.12 for a period of 18 months.

Gensource Potash Corporation
Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
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8. Stock options

Stock option transactions for the periods presented are as follows:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2017	26,410,607	0.11
Granted ⁽¹⁾	4,000,000	0.09
Balance, March 31, 2018	30,410,607	0.10
Balance, December 31, 2018	29,510,607	0.10
Granted ⁽²⁾	1,500,000	0.105
Expired/forfeited	(2,550,000)	(0.09)
Exercised	(2,741,748)	(0.10)
Balance, March 31, 2019	25,718,859	0.11

The weighted average grant date fair value of options granted during the three months ended March 31, 2019 was \$0.11 (March 31, 2018 - \$0.06).

⁽¹⁾ On February 2, 2018, the Company granted 4,000,000 options (including 3,500,000 stock options to directors and officers of the Company). The stock options have an exercise price of \$0.09 per share and are exercisable for a period of 5 years. The options vested immediately. The estimated fair value of these options at the grant date was \$306,500 using the Black-Scholes valuation model. During the three months ended March 31, 2019, \$nil (three months ended March 31, 2018, \$306,500) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 2.13%;
- Expected life: 5.0 years;
- Expected volatility: 127% based on historical trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.09.

⁽²⁾ On January 31, 2019, the Company granted 1,500,000 options to directors of the Company. The stock options have an exercise price of \$0.105 per share and are exercisable for a period of 5 years. The options vested immediately. The estimated fair value of these options at the grant date was \$165,000 using the Black-Scholes valuation model. During the three months ended March 31, 2019, \$165,000 was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 1.78%;
- Expected life: 5.0 years;
- Expected volatility: 112% based on historical trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.11.

Gensource Potash Corporation
Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited)

8. Stock options (continued)

The following table reflects the stock options issued and outstanding as of March 31, 2019:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
October 24, 2019	0.06	0.57	1,200,000	1,200,000	-
April 16, 2020	0.07	1.05	1,868,859	1,868,859	-
April 19, 2021	0.07	2.05	500,000	500,000	-
June 6, 2021	0.06	2.19	3,200,000	3,200,000	-
June 6, 2021	0.08	2.19	500,000	-	500,000
September 18, 2021	0.06	2.47	1,000,000	1,000,000	-
December 6, 2021	0.10	2.69	500,000	500,000	-
February 20, 2022	0.13	2.90	4,300,000	4,300,000	-
February 20, 2022	0.17	2.90	150,000	150,000	-
April 23, 2022	0.18	3.07	3,000,000	1,500,000	1,500,000
May 9, 2022	0.18	3.11	500,000	500,000	-
May 9, 2022	0.14	3.11	1,500,000	500,000	1,000,000
November 13, 2022	0.08	3.62	1,000,000	1,000,000	-
February 1, 2023	0.09	3.84	3,000,000	3,000,000	-
June 13, 2023	0.145	4.21	1,000,000	1,000,000	-
July 18, 2023	0.145	4.30	1,000,000	1,000,000	-
January 31, 2024	0.105	4.84	1,500,000	1,500,000	-
	0.11	2.91	25,718,859	22,718,859	3,000,000

9. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2019 was based on the loss attributable to common shareholders of \$476,679 (three months ended March 31, 2018 – \$983,701) and the weighted average number of common shares outstanding of 367,828,885 (three months ended March 31, 2018 – 288,856,246). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

10. General and administrative

	Three Months Ended March 31,	
	2019	2018
Wages, benefits and incentive compensation	\$ 10,947	\$ 8,164
Sales and marketing	26,618	128,561
Professional fees (note 11)	74,333	133,714
Office and general	136,866	202,089
	\$ 248,764	\$ 472,528

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2019 and 2018
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11. Related party balances and transactions

a) During the three months ended March 31, 2019, compensation, salaries and benefits of \$165,000, (three months ended March 31, 2018 - \$180,000) were paid to a director and officers of the Company or related companies controlled by the director and officers of the Company. They were included in general and administrative expenses and exploration and evaluation assets .

b) During the three months ended March 31, 2019, share-based payments of \$211,552 were rewarded to directors and officers of the Company (three months ended March 31, 2018 - \$353,874).

c) To the knowledge of the directors and executive officers of the Company as of March 31, 2019, the common shares of the Company were widely held, which includes various small holdings which were owned by directors and officers of Gensource. These holdings can change at any time at the discretion of the owner.

The related party transactions were recorded at the exchange amount, which is the amount agreed to by the related parties.

12. Subsequent events

(i) 532,000 broker warrants were exercised at an exercise price of \$0.065 for gross proceeds of \$24,580.00

(ii) On May 2, 2019, the Company entered into non-binding Memoranda of Understanding (MOU) to form a joint venture company ("JVCo") to develop the Maverick Project ("Maverick" or the "Project") within the Vanguard Area. The following agreements have been signed for the Maverick project:

- ◆ Offtake Agreement: A non-binding MOU for offtake has been completed with a large and well-respected international fertilizer manufacturing and distribution company. Offtake MOU terms include:
 - Obligation to purchase 100% of the production from one module of 250,000 metric tonnes per year,
 - Typical take or pay offtake provisions,
 - 10-year duration, with option to renew,
 - product sale and title transfer at the mine site (FCA mine site), and
 - Market-based pricing formula.
- ◆ Offtaker Project Equity Investment: A non-binding MOU by the offtaker for direct equity investment into JVCo, alongside Gensource and one other third-party investor. The equity investment will be in the form of cash and equal to 25+% of JVCo ownership.
- ◆ Third Party Project Equity Investment: A non-binding MOU for the largest equity investment of about 33% from a third-party investor.