CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice to Reader

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

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

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash	**$ 1,790,925**	$ 1,781,257
Prepaid expenses and deposits	**138,548**	78,678
Receivables	**34,517**	18,280
Total current assets	**1,963,990**	1,878,215
Non-current assets		
Investments	**4,587**	4,108
Exploration and evaluation assets (notes 3 and 10)	**4,401,786**	2,716,272
Property, plant and equipment (note 4)	**18,655**	20,027
Total non-current assets	**4,425,028**	2,740,407
Total assets	**$ 6,389,018**	$ 4,618,622
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities	**$ 64,992**	$ 61,610
Flow-through premium obligation	**122,240**	129,500
Total current liabilities	**187,232**	191,110
Shareholders' equity		
Share capital	**17,955,493**	15,503,008
Contributed surplus	**2,207,078**	2,123,740
Deficit	**(13,960,785)**	(13,199,236)
Total shareholders' equity	**6,201,786**	4,427,512
Total shareholders' equity and liabilities	**$ 6,389,018**	$ 4,618,622

Nature of operations and going concern (note 1)
Subsequent event (note 11)

Approved by the Board of Directors:

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

"Paul Martin" (signed) Director
Paul Martin, Director

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

Gensource Potash Corporation

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Expenses				
General and administrative (notes 9 and 10)	**$ 354,163**	$ 204,530	**$ 570,672**	$ 386,769
Share-based payments (note 6)	**136,018**	134,469	**136,018**	134,469
Depreciation (note 4)	**1,210**	1,537	**2,372**	3,074
Reassessed Goods and Service Tax (note 7)	**188**	-	**114,387**	-
	491,579	340,536	**823,449**	524,312
Loss before undernoted items	**(491,579)**	(340,536)	**(823,449)**	(524,312)
Interest income	**744**	239	**1,481**	1,052
Unrealized gain (loss) on FVTPL investments	**(1,147)**	(1,148)	**479**	811
Flow-through premium obligation discharged	**3,789**	-	**7,260**	-
Loss and comprehensive loss	**$ (488,193)**	$ (341,445)	**$ (814,229)**	$ (522,449)
Basic and diluted net loss per share (note 8)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	**192,033,195**	138,106,068	**180,987,200**	135,242,257

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

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating activities		
Net loss	**$ (814,229)**	$ (522,449)
Adjustments for:		
Depreciation	**2,372**	3,074
Share-based payments	**136,018**	134,469
Unrealized gain on FVTPL investments	**(479)**	(811)
Flow-through premium obligation discharged	**(7,260)**	-
	(683,578)	(385,717)
Changes in non-cash working capital	**(72,725)**	(35,936)
Net cash used in operating activities	**(756,303)**	(421,653)
Investing activities		
Purchase of property, plant and equipment	**(1,000)**	-
Acquisition and expenditures on exploration and evaluation assets	**(1,685,514)**	(217,648)
Net cash used in investing activities	**(1,686,514)**	(217,648)
Financing activities		
Cash proceeds for shares to be issued	**-**	110,050
Cash proceeds from issuance of units	**2,000,000**	105,000
Cash proceeds from exercise of warrants	**514,998**	-
Cost of issuance	**(62,513)**	(840)
Net cash provided by financing activities	**2,452,485**	214,210
Net change in cash	**9,668**	(425,091)
Cash, beginning of period	**1,781,257**	575,841
Cash, end of period	**$ 1,790,925**	$ 150,750

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Gensource Potash Corporation

Condensed Interim Consolidated 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, 2014	**127,527,497**	**$12,630,628**	**$ 635,500**	**$ 1,877,671**	**$(12,127,080)**	**$ 3,016,719**
Prior year units issued in the year (note 5(b)(i))	10,578,571	740,500	(635,500)	-	-	105,000
Issuance of units (note 5(b)(i))	-	-	110,050	-	-	110,050
Issuance cost - non-cash	-	(840)	-	-	-	(840)
Share-based payments (note 6)	-	-	-	134,469	-	134,469
Loss and comprehensive loss for the period	-	-	-	-	(522,449)	(522,449)
Balance, June 30, 2015	**138,106,068**	**$13,370,288**	**$ 110,050**	**$ 2,012,140**	**$(12,649,529)**	**$ 2,842,949**
Balance, December 31, 2015	**169,941,205**	**$15,503,008**	**$ -**	**$ 2,123,740**	**$(13,199,236)**	**$ 4,427,512**
Forfeiting of stock options	-	-	-	(52,680)	52,680	-
Issuance of units (note 5(b)(ii)	28,571,429	2,000,000	-	-	-	2,000,000
Issuance of units from exercise of warrants	10,299,967	514,998	-	-	-	514,998
Issuance cost - cash	-	(62,513)	-	-	-	(62,513)
Share-based payments (note 6)	-	-	-	136,018	-	136,018
Loss and comprehensive loss for the period	-	-	-	-	(814,229)	(814,229)
Balance, June 30, 2016	**208,812,601**	**$17,955,493**	**$ -**	**$ 2,207,078**	**$(13,960,785)**	**$ 6,201,786**

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

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 & Company, 390 Bay Street, Suite 806, Toronto, Ontario, M5H 2Y2.

On June 28, 2013, Gensource Potash Corporation announced that it has changed its name from Gensource Capital Corporation to Gensource Potash Corporation effective July 1, 2013. These unaudited condensed interim consolidated financial statements were authorized and approved by the Board of Directors on August 29, 2016.

The unaudited condensed interim 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. During the six months ended June 30, 2016, the Company had a loss and comprehensive loss of $814,229. As at June 30, 2016, the Company had working capital of $1,776,758 and an accumulated deficit in the amount of $13,960,785. 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 consolidated 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 consolidated 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 consolidated financial statements are based on IFRSs issued and outstanding as of August 29, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited annual consolidated financial statements as at and for the year ended December 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (continued)

Recent accounting pronouncement

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on January 1, 2018. The Company is currently assessing the impact of this pronouncement.

3. Exploration and evaluation assets

Gensource Potash Claims

Beginning in November 2011, the Company began acquiring freehold potash leases from private mineral titleholders in one prospect area (the "Lothar" potash prospect) in southeast Saskatchewan. The Lothar Project is comprised of 47 potash leases covering 10,277.82 acres of freehold subsurface mineral rights in the vicinity of the town of Lemberg, Saskatchewan.

In January 2013, the Company began the process of acquiring freehold potash leases from private mineral titleholders in area surrounding the town of Craik in central Saskatchewan (the "Lazlo" potash prospect). The Company currently has signed 14 lease agreements covering 6,162.56 acres of freehold subsurface mineral rights in the vicinity of the town of Craik, Saskatchewan. Each of the freehold potash leases grants to the Company the exclusive rights to explore, prospect and remove subsurface minerals for a term of twenty one years subject to the Crown Royalty rate on potash sold and a $1.00 per acre annual rental.

In March 2016, the Company began the process of acquiring two potash exploration permits in a prospect area nearby its Lazlo Project Area in central Saskatchewan. These permits are currently being converted to mineral leases by the Government of Saskatchewan. The Company refers to these permit/lease areas as the Vanguard Project Area.

Cost	Lothar	Lazlo	Vanguard	Total
Balance, December 31, 2014	**$ 1,693,676**	**$ 734,378**	**$ -**	**$ 2,428,054**
Additions:				
Property acquisition and surface access fees	10,038	26,947	-	36,985
Geological and project management	-	251,233	-	251,233
Balance, December 31, 2015	**1,703,714**	**1,012,558**	**-**	**2,716,272**
Additions:				
Property acquisition and surface access fees	7,040	5,623	1,524,192	1,536,855
Geological and project management	-	22,500	126,159	148,659
Balance, June 30, 2016	**$ 1,710,754**	**$ 1,040,681**	**$ 1,650,351**	**$ 4,401,786**

Executive compensation capitalized as exploration and evaluation assets was $45,000 for the six months ended June 30, 2016 (year ended December 31, 2015 - $90,000).

(Expressed in Canadian Dollars)

4. Property, plant and equipment

Cost

	Furniture and equipment $	Computer hardware $	Computer software $	Leasehold improvements $	Total $
Balance, December 31, 2015	**111,708**	**82,600**	**12,350**	**95,853**	**302,511**
Additions	1,000	-	-	-	1,000
Balance, June 30, 2016	**112,708**	**82,600**	**12,350**	**95,853**	**303,511**

Accumulated depreciation

	Furniture and equipment $	Computer hardware $	Computer software $	Leasehold improvements $	Total $
Balance, December 31, 2015	**98,076**	**76,205**	**12,350**	**95,853**	**282,484**
Depreciation for the period	1,413	959	-	-	2,372
Balance, June 30, 2016	**99,489**	**77,164**	**12,350**	**95,853**	**284,856**

Carrying amount

	Furniture and equipment $	Computer hardware $	Computer software $	Leasehold improvements $	Total $
At December 31, 2015	**13,632**	**6,395**	**-**	**-**	**20,027**
At June 30, 2016	**13,219**	**5,436**	**-**	**-**	**18,655**

5. 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 June 30, 2016, the Company has 208,812,601 common shares (December 31, 2015 – 169,941,205) issued and outstanding.

i) On February 18, 2015, the Company completed a non-brokered private placement of 10,578,571 units at a price of $0.07 per unit for aggregate gross proceeds of $740,500, of this amount, $635,500 related to proceeds received before December 31, 2014 and which units were issued on February 18, 2015. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.10 for a period of twenty-four (24) months. These warrants were assigned a value of $153,389 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.42%;
- Expected life: 2 years;
- Expected volatility: 144% based on historical trends; and
- Weighted average share price: $0.05.

ii) In May 2016, the Company completed a non-brokered private placement of 28,571,429 units at a price of $0.07 per unit for aggregate gross proceeds of $2,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.12 for a period of twenty-four (24) months. These warrants were assigned a value of $1,014,286 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.56%;
- Expected life: 2 years;
- Expected volatility: 140% based on historical trends; and
- Weighted average share price: $0.08.

The Company paid a total of $62,513 in finders fees and issued 893,060 broker warrants associated with the closing. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of $0.07 for a period of 24 months. These warrants were assigned a value of $50,011 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.56%;
- Expected life: 2 years;
- Expected volatility: 140% based on historical trends; and
- Weighted average share price: $0.08.

(Expressed in Canadian Dollars)

5. 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, 2014	**28,527,958**	**0.05**
Issued (note 5(i))	5,289,286	0.10
Balance, June 30, 2015	**33,817,244**	**0.06**
Balance, December 31, 2015	**43,443,096**	**0.08**
Issued (note 5(b)(ii))	15,178,775	0.12
Exercised	(10,299,967)	0.05
Expired	(33)	0.05
Balance, June 30, 2016	**48,321,871**	**0.10**

Issue date	Expiry date	Exercise price	Number of warrants
September 10, 2014	September 29, 2016	$0.05	14,000,000
February 18, 2015	February 18, 2017	$0.10	5,289,286
November 6, 2015	November 6, 2017	$0.12	3,537,285
December 29, 2015	December 29, 2017	$0.12	10,036,425
December 31, 2015 [1]	December 31, 2017	$0.07	280,100
May 6, 2016	May 5, 2018	$0.12	14,285,715
May 6, 2016 [2]	May 5, 2018	$0.07	893,060
Weighted average exercise price		$0.10	48,321,871

[1] Each broker warrant entitles the holder thereof to purchase one unit, which consists of one common share and one-half of one common share purchase warrant, at an exercise price of $0.07 for a period of 24 months. Each whole common share purchase warrant entitles the holder to purchase one common share until December 31, 2017 at the exercise price of $0.12 per share.

[2] Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of $0.07 for a period of 24 months.

(Expressed in Canadian Dollars)

6. Stock options

Stock option transactions for the periods presented are as follows:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2014	**11,641,748**	**0.10**
Granted [1]	2,168,859	0.07
Balance, June 30, 2015	**13,810,607**	**0.08**
Balance, December 31, 2015	**13,610,607**	**0.08**
Granted [2][3][4]	5,200,000	0.06
Forfeited	(1,200,000)	(0.08)
Balance, June 30, 2016	**17,610,607**	**0.08**

The weighted average grant date fair value of options granted during the six months ended June 30, 2016 was $0.07 (June 30, 2015 - $0.06).

[1] On April 17, 2015, the Company granted 2,168,859 options, of which 1,868,859 were granted to certain directors and officers of the Company and 300,000 were granted to consultants. The stock options each have an exercise price of $0.07 per share and are exercisable for a period of 5 years. The options will vest immediately. The estimated fair value of these options at the grant date was $134,469 using the Black-Scholes valuation model. The estimated fair value of the options has been charged during the year to the consolidated statements of operations and comprehensive loss and credited to contributed surplus in shareholders' equity. During the three and six months ended June 30, 2015, $134,469 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: 0.85%;
- Expected life: 5.0 years;
- Expected volatility: 140.5% based on historical trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.07.

[2] On April 20, 2016, the Company granted 1,500,000 options to certain directors and officers of the Company. The stock options each have an exercise price of $0.07 per share and are exercisable for a period of 5 years. The options will vest immediately. The estimated fair value of these options at the grant date was $121,500 using the Black-Scholes valuation model. The estimated fair value of the options has been charged to the consolidated statements of operations and comprehensive loss and credited to contributed surplus in shareholders' equity. During the three and six months ended June 30, 2016, $121,500 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: 0.8%;
- Expected life: 5.0 years;
- Expected volatility: 141% based on historical trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.09.

(Expressed in Canadian Dollars)

6. Stock options (continued)

(3) On June 7, 2016, the Company granted 3,200,000 options, of which 3,000,000 were granted to certain directors and officers of the Company and 200,000 were granted to employees. The stock options each have an exercise price of $0.06 per share and are exercisable for a period of 5 years. The options will vest after 1 year from the date of grant. The estimated fair value of these options at the grant date was $230,400 using the Black-Scholes valuation model. During the three and six months ended June 30, 2016, $14,518 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: 0.63%;
- Expected life: 5.0 years;
- Expected volatility: 141.7% based on historical trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.08.

(4) On June 7, 2016, the Company granted 500,000 options to a consultant of the Company. The stock options each have an exercise price of $0.08 per share and are exercisable for a period of 5 years. The options will vest upon signing of a definitive agreement with NMDC, which at this time the Company is unaware of how long it will take. As a result, during the three and six months ended June 30, 2016, no expense was recorded. The estimated fair value of these options at the grant date was $35,500 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.63%;
- Expected life: 5.0 years;
- Expected volatility: 141.7% based on historical trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.08.

The following table reflects the stock options issued and outstanding as of June 30, 2016:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
August 24, 2017	0.10	1.15	2,050,000	2,050,000	-
November 29, 2017	0.10	1.42	100,000	100,000	-
November 29, 2017	0.10	1.42	100,000	100,000	-
January 23, 2019	0.10	2.57	3,091,748	3,091,748	-
October 24, 2019	0.06	3.32	3,100,000	3,100,000	-
April 16, 2020	0.07	3.80	2,168,859	2,168,859	-
October 1, 2020	0.07	4.26	1,800,000	1,800,000	-
April 19, 2021	0.07	4.81	1,500,000	1,500,000	-
June 6, 2021	0.06	4.94	3,200,000	-	3,200,000
June 6, 2021	0.08	4.94	500,000	-	500,000
	0.08	**3.53**	**17,610,607**	**13,910,607**	**3,700,000**

(Expressed in Canadian Dollars)

7. Reassessed Goods and Service Tax ("GST")

During the three and six months ended June 30, 2016, the Company made payments of $188 and 114,387, respectively as a result of reassessed GST returns filed for the period from July 1, 2011 to December 31, 2012. The amount of $114,387 includes interest and penalties up to March 16, 2016, the date of the latest Canada Revenue Agency reassessment. The Company is in the process of appealing the reassessment and will reverse the reassessed GST expense if the appeal is successful.

8. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2016 was based on the loss attributable to common shareholders of $488,193 and $814,229, respectively (three and six months ended June 30, 2015 – $341,445 and $522,449, respectively) and the weighted average number of common shares outstanding of 192,033,195 and 180,987,200, respectively (three and six months ended June 30, 2015 – 138,106,068 and 135,242,257, respectively). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

9. General and administrative

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Wages, benefits and incentive compensation	**$ 11,303**	$ 12,717	**$ 13,975**	$ 15,562
Sales and marketing	**83,933**	29,069	**127,734**	47,253
Professional fees (note 10)	**121,072**	84,229	**205,736**	157,509
Office and general	**137,855**	78,515	**223,227**	166,445
	$ 354,163	$ 204,530	**$ 570,672**	$ 386,769

10. Related party balances and transactions

During the three and six months ended June 30, 2016, the Company had the following related party transactions:

a) Included in general and administrative expenses and exploration and evaluation assets for the three and six months ended June 30, 2016 are short term employee salaries and benefits to key management and director compensation of $90,000 and $180,000, respectively (three and six months ended June 30, 2015 - $90,000 and $180,000, respectively). Key management compensation consists of the following:

> During the three and six months ended June 30, 2016, compensation, salaries and benefits of $67,500 and $135,000, respectively, (three and six months ended June 30, 2015 - $67,500 and $135,000, respectively) were paid to a director and officers of the Company or related companies controlled by the director, officers and former officers of the Company.
>
> During the three and six months ended June 30, 2016, the Company also paid compensation of $22,500 and $45,000, respectively to the VP Corporate Services (three and six months ended June 30, 2015 - $22,500 and $45,000, respectively).

b) To the knowledge of the directors and executive officers of the Company as of June 30, 2016, 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.

11. Subsequent event

On July 18, 2016, the Company announced that it has engaged Industrial Alliance Securities Inc. (“IA”) as sole agent in connection with a proposed best efforts marketed private placement for gross proceeds of up to $4,000,000 (the “Offering”). The Offering will consist of the sale of up to 27,777,777 common shares in the capital stock of the Company (the “Common Shares”) at a price of $0.09 per Common Share and up to 13,636,363 Common Shares issued on a flow-through basis (the “Flow-Through Shares”) at a price of $0.11 per Flow-Through Share. In addition, the Company has also granted IA an option (the “Agent’s Option”), exercisable up to 48 hours prior to the closing of the Offering, to cause the Company to issue up to an additional 15% of the maximum of the Offering in Common Shares and/or Flow-Through Shares.

In consideration for their services, IA will receive a cash commission equal to 8.0% of the gross proceeds of the Offering and compensation warrants to purchase common shares equal to 8% of the total number of Common Shares and Flow-Through Shares sold exercisable for 24 months from the Closing Date at $0.09 per common share, including, in both instances, any proceeds realized on exercise of the Agent’s Option.