



CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2020
(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 September 30, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	\$ 1,633,608	\$ 7,490,488
Prepaid expenses and deposits	168,961	10,134
GST/HST and other receivables	32,793	131,164
Total current assets	1,835,362	7,631,786
Non-current assets		
Investments	6,879	2,293
Exploration and evaluation assets (notes 3 and 12)	13,662,812	9,070,275
Property, plant and equipment (note 4)	15,511	10,728
Right-of-use assets (note 5)	58,130	99,651
Total non-current assets	13,743,332	9,182,947
Total assets	\$ 15,578,694	\$ 16,814,733
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 12)	\$ 234,094	\$ 1,957,940
Short-term portion of lease liability (note 6)	66,673	56,878
Total current liabilities	300,767	2,014,818
Non-current liabilities		
Lease liability (note 6)	5,293	56,628
Total liabilities	306,060	2,071,446
Shareholders' equity		
Share capital (note 7)	34,548,730	34,495,930
Contributed surplus	5,547,318	5,435,765
Deficit	(24,823,414)	(25,188,408)
Total shareholders' equity	15,272,634	14,743,287
Total shareholders' equity and liabilities	\$ 15,578,694	\$ 16,814,733

See accompanying notes

Approved by the Board of Directors:

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

"Michael Mueller" (signed) Director
Michael Mueller, Director

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

Gensource Potash Corporation

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Expenses				
General and administrative (notes 10 and 12)	\$ (1,108,705)	\$ 224,083	\$ 650,899	\$ 746,428
Share-based payments (notes 8 and 12)	9,090	13,512	137,353	205,096
Depreciation (notes 4 and 5)	14,802	14,598	44,514	43,742
Exploration and evaluation assets (note 3)	(1,199,717)	-	(1,199,717)	-
	(2,284,530)	252,193	(366,951)	995,266
Income (loss) before under noted items	2,284,530	(252,193)	366,951	(995,266)
Interest income	788	-	9,622	3,932
Unrealized gain on FVTPL investments	765	(1,516)	4,586	(1,038)
Flow-through premium obligation discharged	-	-	-	4,630
Accretion expense (note 6)	(4,693)	(7,471)	(16,165)	(23,922)
Income (loss) and comprehensive income (loss)	\$ 2,281,390	\$ (261,180)	\$ 364,994	\$ (1,011,664)
Basic and diluted net income (loss) per share (note 9)	\$ 0.01	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding - basic	383,224,239	369,566,166	383,045,344	368,727,296
Weighted average number of common shares outstanding - diluted	391,583,384	369,566,166	387,431,999	368,727,296

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

	Nine Months Ended	
	September 30,	
	2020	2019
Operating activities		
Net income (loss)	\$ 364,994	\$ (1,011,664)
Adjustments for:		
Depreciation	44,514	43,742
Share-based payments	137,353	205,096
Accretion expense	16,165	23,922
Unrealized loss on FVTPL investments	(4,586)	1,038
Flow-through premium obligation discharged	-	(4,630)
	558,440	(742,496)
Changes in non-cash working capital	(1,784,302)	236,284
Net cash used in operating activities	(1,225,862)	(506,212)
Investing activities		
Purchase of property, plant and equipment	(7,776)	(1,378)
Acquisition and expenditures on exploration and evaluation assets	(4,592,537)	(726,727)
Repayment of lease on right-to-use asset	(57,705)	(57,705)
Net cash used in investing activities	(4,658,018)	(785,810)
Financing activities		
Cash proceeds for shares to be issued	-	55,400
Cash proceeds from exercise of warrants	-	69,360
Cost of issuance	-	(1,601)
Cash proceeds from exercise of stock options	27,000	274,175
Net cash provided by financing activities	27,000	397,334
Net change in cash	(5,856,880)	(894,688)
Cash, beginning of period	7,490,488	975,158
Cash, end of period	\$ 1,633,608	\$ 80,470

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, 2018	365,757,342	\$ 32,427,238	\$ -	\$ 4,622,371	\$(22,463,685)	\$ 14,585,924
Units to be issued from exercise of warrants	1,067,076	69,360	-	-	-	69,360
Units to be issued from exercise of options	-	-	55,400	-	-	55,400
Issuance cost - cash	-	(1,601)	-	-	-	(1,601)
Share-based payments (note 8)	-	-	-	205,096	-	205,096
Issuance of shares from exercise of options	2,741,748	366,846	-	(92,671)	-	274,175
Loss and comprehensive loss for the period	-	-	-	-	(1,011,664)	(1,011,664)
Balance, September 30, 2019	369,566,166	\$ 32,861,843	\$ 55,400	\$ 4,734,796	\$(23,475,349)	\$ 14,176,690
Balance, December 31, 2019	382,832,935	\$ 34,495,930	\$ -	\$ 5,435,765	\$(25,188,408)	\$ 14,743,287
Share-based payments (note 8)	-	-	-	137,353	-	137,353
Issuance of shares from exercise of options	400,000	52,800	-	(25,800)	-	27,000
Loss and comprehensive loss for the period	-	-	-	-	364,994	364,994
Balance, September 30, 2020	383,232,935	\$ 34,548,730	\$ -	\$ 5,547,318	\$(24,823,414)	\$ 15,272,634

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 and Nine Months Ended September 30, 2020 and 2019

(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 LLP, 18 King Street, Suite 902, Toronto, Ontario, M5C 1C4.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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. The Company incurred a net income for the nine months ended September 30, 2020 of \$364,994 (nine months ended September 30, 2019 - net loss of \$(1,011,664)) and had an accumulated deficit in the amount of \$24,823,414 at September 30, 2020 (December 31, 2019 - \$25,188,408). These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. 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. As at September 30, 2020, the Company had working capital of \$1,534,595 (December 31, 2019 - \$5,616,968).

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. 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 November 25, 2020, 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, 2019, 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, 2020 could result in restatement of these unaudited condensed interim financial statements.

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Summary of significant accounting policies (continued)

New accounting standard adopted

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

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, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Exploration and evaluation assets

The Lazlo Project

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.

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Exploration and evaluation assets (continued)

The Vanguard Area 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.

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.

On May 2, 2019, the Company entered into non-binding Memoranda of Understanding (MOU) to form a joint venture company ("**JVCo**") to develop the Tugaske Project, "formerly known as Maverick" (the "**Project**") within the Vanguard Area (see "The Tugaske Project" below)

The Tugaske Project

On May 2, 2019, the Company entered into non-binding Memoranda of Understanding (MOU) to form a joint venture company ("**JVCo**") to develop the Tugaske Project, "formerly known as Maverick" (the "**Project**") within the Vanguard Area. The following agreements have been signed for Tugaske 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 approximately 33% from a third-party investor.

During 2019, the Company closed a royalty sale ("Royalty") on the Tugaske Project to be developed within Gensource's Vanguard Area (comprising mineral leases KL244 and KL245). The Company sold two royalties totaling the 2% of gross revenues on the Tugaske Project for US\$6,000,000 (\$7,918,800) and the two purchasers were the Project's off-taker and a strategic third party investor. The royalty proceeds were applied against the carrying value of the Project.

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Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Exploration and evaluation assets (continued)

The Tugaske Project (continued)

On October 18, 2019, the Company formally mandated KfW IPEX-Bank GmbH (“KfW IPEX-Bank”) to act as Lead Arranger for the senior debt component (“Debt Facility” or “Facility”) for the Tugaske Project finance package. The Agreement indicates that: (a) KfW IPEX-Bank will be the Lead Arranger to arrange the Debt Facility for the Tugaske Project; (b) A total Debt Facility of approximately US\$180 million is agreed; (c) A significant portion of the Facility is to have Export Credit Agency (ECA) coverage to reduce lender risks and the Project’s interest costs; ECA due diligence will also be overseen and managed by KfW IPEX-Bank; (d) KfW IPEX-Bank will complete its due diligence work, including the in-depth review of technical, environmental, social, market and financial aspects of the project; (e) KfW IPEX-Bank will manage syndication of the Debt Facility and plans to support the Project with a significant take and hold commitment.

On May 19, 2020, the Company announced that Societe Generale was added to the senior bank consortium group. During the period ended September 30, 2020, the Company engaged a consortium of world-class potash process design and equipment fabrication companies that will work together to provide a design-supply-commission package for the entire process plant at the Tugaske Project.

Subsequent to the nine months ended September 30, 2020, the Company announced it has negotiated the fundamental shareholding structure with the project off-taker and equity investor, Helm AG, and another financial investor for the Tugaske Project Special Purpose Vehicle (“SPV”).

Cost	Lazlo ⁽¹⁾	Vanguard Area ⁽²⁾	Tugaske	Total
Balance, December 31, 2018	\$ 1,120,335	\$ 12,829,569	\$ -	\$ 13,949,904
Additions:				
Property acquisition and surface access fees	8,021	343,642	-	351,663
Geological and project management	(294,096)	834,141	-	540,045
Engineering	-	235,372	-	235,372
Drilling	-	1,888,288	-	1,888,288
Seismic	-	4,208	-	4,208
Environmental	-	19,595	-	19,595
Sale of royalty interest ⁽³⁾	-	(7,918,800)	-	(7,918,800)
Balance, December 31, 2019	\$ 834,260	\$ 8,236,015	\$ -	\$ 9,070,275
Additions:				
Property acquisition and surface access fees	5,117	-	349,735	354,852
Geological and project management	-	-	592,215	592,215
Engineering	-	-	897,421	897,421
Drilling	-	-	(7,452)	(7,452)
Environmental	-	-	22,347	22,347
Project finance	-	-	2,733,154	2,733,154
Transfer to Tugaske ⁽⁴⁾	-	(5,762,196)	5,762,196	-
Balance, September 30, 2020	\$ 839,377	\$ 2,473,819	\$ 10,349,616	\$ 13,662,812

1) Lazlo costs includes geological and freehold mineral lease costs.

2) Vanguard Area costs includes government mining leases and freehold mineral lease cost of the remaining Vanguard Area.

3) Direct cost related to 2019 sale of royalty interest, was re-allocated to Tugaske Project as part of the Project cost.

4) Direct costs re-allocated to the Tugaske Project as part of the Project cost.

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)
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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	-	2,149	560	-	2,709
Balance, December 31, 2019	106,692	92,985	12,910	95,853	308,440
Additions	-	7,776	-	-	7,776
Balance, September 30, 2020	106,692	100,761	12,910	95,853	316,216

Accumulated depreciation

	Furniture and equipment \$	Computer hardware \$	Computer software \$	Leasehold improvements \$	Total \$
Balance, December 31, 2018	101,009	85,212	12,350	95,853	294,424
Depreciation for the year	1,137	1,871	280	-	3,288
Balance, December 31, 2019	102,146	87,083	12,630	95,853	297,712
Depreciation for the period	682	2,031	280	-	2,993
Balance, September 30, 2020	102,828	89,114	12,910	95,853	300,705

Carrying amount

	Furniture and equipment \$	Computer hardware \$	Computer software \$	Leasehold improvements \$	Total \$
At December 31, 2019	4,546	5,902	280	-	10,728
At September 30, 2020	3,864	11,647	-	-	15,511

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements
 Three and Nine Months Ended September 30, 2020 and 2019
 (Expressed in Canadian Dollars)
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5. Rights-of-use assets

	Property	Equipment	Total
Balance, December 31, 2018	\$ 147,172	\$ 7,840	\$ 155,012
Depreciation	(53,517)	(1,844)	(55,361)
Balance, December 31, 2019	\$ 93,655	\$ 5,996	\$ 99,651
Depreciation	(40,138)	(1,383)	(41,521)
Balance, September 30, 2020	\$ 53,517	\$ 4,613	\$ 58,130

6. Lease liabilities

	Property	Equipment	Total
Balance, December 31, 2018	\$ 150,580	\$ 9,114	\$ 159,694
Interest expense	26,844	3,907	30,751
Lease payments	(72,151)	(4,788)	(76,939)
Balance, December 31, 2019	\$ 105,273	\$ 8,233	\$ 113,506
Interest expense	13,553	2,612	16,165
Lease payments	(54,113)	(3,592)	(57,705)
Balance, September 30, 2020	\$ 64,713	\$ 7,253	\$ 71,966

	As at September 30, 2020	As at December 31, 2019
Short-term lease expense	\$ 66,673	\$ 56,878

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Property	\$ 64,713	\$ -	\$ -	\$ -	\$ 64,713
Equipment	1,960	5,293	-	-	7,253
Total	\$ 66,673	\$ 5,293	\$ -	\$ -	\$ 71,966

7. Share capital

a) Authorized share capital

The Company is authorized to issue an unlimited number of voting and participating common shares. The common shares have no par value and are fully paid.

b) Common shares

At September 30, 2020, the Company had 34,548,730 common shares (December 31, 2019 – 34,495,930) issued and outstanding.

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)
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7. Share capital (continued)

c) Warrants

The Company has the following warrants outstanding as a result of equity issues for the periods presented. As of September 30, 2020, the Company had no outstanding warrants.

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2018	17,976,167	0.15
Exercised	(1,067,076)	(0.065)
Expired	(14,686,679)	(0.17)
Balance, September 30, 2019	2,222,412	0.12
Balance, December 31, 2019	624,332	0.12
Expired	(624,332)	(0.12)
Balance, September 30, 2020	-	-

8. Stock options

Stock option transactions for the periods presented are as follows:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2018	29,510,607	0.11
Granted ⁽¹⁾	1,500,000	0.105
Expired/forfeited	(2,550,000)	(0.09)
Exercised	(2,741,748)	(0.10)
Balance, September 30, 2019	25,718,859	0.11
Balance, December 31, 2019	31,648,859	0.12
Granted ⁽²⁾⁽³⁾⁽⁴⁾	1,800,000	0.09
Expired/forfeited	(948,859)	(0.07)
Exercised	(400,000)	(0.07)
Balance, September 30, 2020	32,100,000	0.12

The weighted average grant date fair value of options granted during the nine months ended September 30, 2020 was \$0.07 (September 30, 2019 - \$0.11).

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Stock options (continued)

(1) On February 1, 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 \$119,187 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2020, \$nil (three and nine months ended September 30, 2019, \$nil and \$119,187, respectively) 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: 1.86%;
- Expected life: 5.0 years;
- Expected volatility: 112% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.10.

(2) On February 10, 2020, the Company granted an aggregate of 300,000 stock options to consultant at an exercise price of \$0.11 per share, exercisable for a period of 5 years. The options vested 75,000 immediately; 75,000 on May 10, 2020; 75,000 on August 10, 2020; and 75,000 on November 10, 2020. The estimated fair value of these options at the grant date was \$26,100 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2020, \$14,938 and \$21,463, respectively 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: 1.31%;
- Expected life: 5.0 years;
- Expected volatility: 110% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.11.

(3) On March 1, 2020, the Company granted an aggregate of 1,000,000 stock options to a director of the Company at an exercise price of \$0.085 per share, 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 and nine months ended September 30, 2020 \$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: 0.55%;
- Expected life: 5.0 years;
- Expected volatility: 113% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.085.

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Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Stock options (continued)

(4) On June 3, 2020, the Company granted an aggregate of 500,000 stock options to a consultant of the Company at an exercise price of \$0.095 per share, exercisable for a period of 5 years. The options vested immediately. The estimated fair value of these options at the grant date was \$39,000 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2020 \$39,000 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: 0.48%;
- Expected life: 5.0 years;
- Expected volatility: 108% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.095.

The following table reflects the stock options issued and outstanding as of September 30, 2020:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
April 19, 2021	0.07	0.55	500,000	500,000	-
June 6, 2021	0.06	0.68	3,100,000	3,100,000	-
September 18, 2021	0.06	0.97	1,000,000	1,000,000	-
December 6, 2021	0.10	1.18	500,000	500,000	-
February 20, 2022	0.13	1.39	4,300,000	4,300,000	-
February 20, 2022	0.17	1.39	150,000	150,000	-
April 23, 2022	0.18	1.56	3,000,000	1,500,000	1,500,000
November 13, 2022	0.08	2.12	1,000,000	1,000,000	-
February 1, 2023	0.09	2.34	3,000,000	3,000,000	-
June 13, 2023	0.145	2.70	1,000,000	-	1,000,000
July 18, 2023	0.145	2.79	1,000,000	1,000,000	-
January 31, 2024	0.105	3.34	1,500,000	1,500,000	-
October 23, 2024	0.14	4.07	10,250,000	10,250,000	-
February 9, 2025	0.11	4.36	300,000	225,000	75,000
March 31, 2025	0.085	4.50	1,000,000	1,000,000	-
June 3, 2025	0.095	4.68	500,000	500,000	-
	0.12	2.63	32,100,000	29,525,000	2,575,000

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements
 Three and Nine Months Ended September 30, 2020 and 2019
 (Expressed in Canadian Dollars)
 (Unaudited)

9. Net loss per common share

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	2020	2019	2020	2019
Numerator				
Net income (loss)	\$ 2,281,390	\$ (261,180)	\$ 364,994	\$ (1,011,664)
Denominator				
Weighted average number of common shares outstanding - basic	383,224,239	369,566,166	383,045,344	368,727,296
Basic net income (loss) per share	\$ 0.01	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding - basic	383,224,239	369,566,166	383,045,344	368,727,296
Stock options	8,359,145	-	4,386,655	-
Weighted average number of common shares outstanding - diluted	391,583,384	369,566,166	387,431,999	368,727,296
Diluted net income (loss) per share	\$ 0.01	\$ (0.00)	\$ 0.00	\$ (0.00)

10. General and administrative

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	2020	2019	2020	2019
Wages and incentive compensation (note 12)	\$ 34,074	\$ 6,002	\$ 102,522	\$ 24,484
Project finance costs (notes 12 and 11)	(1,321,350)	-	-	-
Sales and marketing	17,114	24,359	69,356	110,864
Professional fees (note 12)	(8,642)	95,616	296,844	317,908
Office and general	170,099	98,106	182,177	293,172
	\$ (1,108,705)	\$ 224,083	\$ 650,899	\$ 746,428

11. Project finance costs

Costs incurred in the execution of senior debt due diligence work, including independent third-party reports on engineering, market, environmental and social, legal, insurance and financial modelling. Direct costs were capitalised as part of the Tugaskie Project.

Gensource Potash Corporation

Notes to Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

12. Related party balances and transactions

a) During the three and nine months ended September 30, 2020, compensation of \$165,000 and \$495,000, respectively, (three and nine months ended September 30, 2019 - \$165,000 and \$495,000, respectively) were paid to a director and officers of the Company or related companies controlled by the director and officers of the Company. The amount of \$16,943 and \$188,197, respectively (three and nine months ended September 30, 2019 - \$nil and \$330,000, respectively) was included in general and administrative expenses and \$256,805 and \$306,803, respectively (three and nine months ended September 30, 2019 - \$nil) in exploration and evaluation assets.

b) During the three and nine months ended September 30, 2020, share-based payments of \$nil and \$67,800, respectively were rewarded to directors and officers of the Company (three and nine months ended September 30, 2019 - \$nil and \$165,000, respectively).

c) To the knowledge of the directors and executive officers of the Company as of September 30, 2020, 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.

13. Subsequent events

i) Subsequent to the nine months ended September 30, 2020, the Company announced it has negotiated the fundamental shareholding structure with the project off-taker and equity investor, Helm AG, and another financial investor for the Tugaske Project Special Purpose Vehicle ("SPV"). Under the shareholding structure, the Company will own 49.98% of the SPV while HELM and the other investor will each own 25.01%. The Company's ownership interest comprises two components: a USD \$30 million "paid-in capital" amount (representing the value of the project that will be vended into the SPV plus the project financing costs expended), and; a cash investment. In addition to being a shareholder of the SPV, HELM is also the offtake partner of the Tugaske Project and committed to purchasing 100% of the production.