Gensource
POTASH CORP

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Gensource Potash Corporation:

Opinion

We have audited the financial statements of Gensource Potash Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss for the year ended December 31, 2020 and had an accumulated deficit as at December 31, 2020. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Patrycja Anna Kajda.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

March 25, 2021 — Licensed Public Accountants

MNP

Gensource Potash Corporation

Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	**$ 748,946**	$ 7,490,488
Prepaid expenses and deposits	**11,185**	10,134
GST/HST and other receivables	**37,189**	131,164
Total current assets	**797,320**	7,631,786
Non-current assets		
Investments	**6,305**	2,293
Deferred financing costs	**366,658**	-
Exploration and evaluation assets (notes 4 and 13)	**13,289,180**	9,070,275
Property, plant and equipment (note 5)	**14,550**	10,728
Right-of-use assets (note 6)	**44,289**	99,651
Total non-current assets	**13,720,982**	9,182,947
Total assets	**$ 14,518,302**	$ 16,814,733
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 13)	**$ 480,848**	$ 1,957,940
Short-term portion of lease liability (note 7)	**49,777**	56,878
Total current liabilities	**530,625**	2,014,818
Non-current liabilities		
Lease liability (note 7)	**6,851**	56,628
Total liabilities	**537,476**	2,071,446
Shareholders' equity		
Share capital (note 8)	**34,707,530**	34,495,930
Contributed surplus	**5,464,065**	5,435,765
Deficit	**(26,190,769)**	(25,188,408)
Total shareholders' equity	**13,980,826**	14,743,287
Total shareholders' equity and liabilities	**$ 14,518,302**	$ 16,814,733

Nature of operations and going concern (note 1)
Commitments and Contingencies (notes 7 and 16)
Subsequent events (note 17)

Approved by the Board of Directors:

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

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

Gensource Potash Corporation
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years Ended December 31, 2020	2019
Expenses		
General and administrative (notes 12 and 13)	**$ 804,008**	$ 1,899,752
Share-based payments (notes 9 and 13)	**132,900**	1,009,305
Depreciation (notes 5 and 6)	**59,316**	58,649
	996,224	2,967,706
Income (loss) before under noted items	**(996,224)**	(2,967,706)
Interest income	**9,912**	6,552
Unrealized gain on FVTPL investments	**4,012**	(478)
Flow-through premium obligation discharged	**-**	267,660
Accretion expense (note 7)	**(20,061)**	(30,751)
Loss and comprehensive loss	**$ (1,002,361)**	$ (2,724,723)
Basic and diluted loss per share (note 10)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 10)	**383,114,356**	371,800,546

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

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

	Years Ended December 31, 2020	2019
Operating activities		
Net loss	**$ (1,002,361)**	$ (2,724,723)
Adjustments for:		
Depreciation	**59,316**	58,649
Share-based payments	**132,900**	1,009,305
Accretion expense	**20,061**	30,751
Unrealized loss on FVTPL investments	**(4,012)**	478
Flow-through premium obligation discharged	**-**	(267,660)
	(794,096)	(1,893,200)
Changes in non-cash working capital	**(1,384,168)**	1,735,768
Net cash used in operating activities	**(2,178,264)**	(157,432)
Investing activities		
Proceeds from the sale of royalty interest	**-**	7,918,800
Purchase of property, plant and equipment	**(7,776)**	(2,709)
Acquisition and expenditures on exploration and evaluation assets	**(4,218,905)**	(3,039,171)
Repayment of lease on right-to-use asset	**(76,939)**	(76,939)
Net cash used in investing activities	**(4,303,620)**	4,799,981
Financing activities		
Cash proceeds from issuance of shares	**-**	1,460,000
Cash proceeds from exercise of warrants	**-**	96,360
Cost of issuance	**-**	(73,154)
Cash proceeds from exercise of stock options	**107,000**	389,575
Deferred financing costs	**(366,658)**	-
Net cash provided by financing activities	**(259,658)**	1,872,781
Net change in cash	**(6,741,542)**	6,515,330
Cash, beginning of year	**7,490,488**	975,158
Cash, end of year	**$ 748,946**	$ 7,490,488

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

Gensource Potash Corporation
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Issued shares	Share capital	Contributed surplus	Deficit	Total
Balance, December 31, 2018	**365,757,342**	**$ 32,427,238**	**$ 4,622,371**	**$ (22,463,685)**	**$ 14,585,924**
Issuance of shares (note 8(b))	11,230,769	1,460,000	-	-	1,460,000
Issuance of shares from exercise of warrants	1,283,076	96,360	-	-	96,360
Issuance cost - cash	-	(73,154)	-	-	(73,154)
Share-based payments (note 9)	-	-	1,009,305	-	1,009,305
Issuance of shares from exercise of options	4,561,748	585,486	(195,911)	-	389,575
Loss and comprehensive loss for the year	-	-	-	(2,724,723)	(2,724,723)
Balance, December 31, 2019	**382,832,935**	**$ 34,495,930**	**$ 5,435,765**	**$ (25,188,408)**	**$ 14,743,287**
Share-based payments (note 9)	-	-	132,900	-	132,900
Issuance of shares from exercise of options	1,400,000	211,600	(104,600)	-	107,000
Loss and comprehensive loss for the year	-	-	-	(1,002,361)	(1,002,361)
Balance, December 31, 2020	**384,232,935**	**$ 34,707,530**	**$ 5,464,065**	**$ (26,190,769)**	**$ 13,980,826**

The notes to the 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. Its registered head office is located at the care of Peterson McVicar LLP, 18 King Street, Suite 902, Toronto, Ontario, M5C 1C4.

These financial statements were authorized and approved by the Board of Directors on March 25, 2021.

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 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 loss for the year ended December 31, 2020 of $1,002,361 (year ended December 31, 2019 - net loss of $2,724,723) and had an accumulated deficit in the amount of $26,190,769 at December 31, 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 is common with many exploration companies, it raises financing for its exploration and development activities. As at December 31, 2020, the Company had working capital of $266,695 (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 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 financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets
Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at fair value through profit or loss ("FVTPL")

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss.

The Company's investments and cash are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded fair value through profit or loss ("FVTPL")

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Fair value hierarchy and liquidity risk disclosure

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). Please refer to note 14 Financial risk management.

Comprehensive income

Other comprehensive income is a component of shareholders’ equity. Comprehensive earnings are composed of the Company’s net earnings and other comprehensive income.

The Company does not have any other comprehensive income components and, as such, comprehensive income (loss) is equal to net earnings (loss).

2. Summary of significant accounting policies (continued)

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Exploration and evaluation assets

The Company defers the costs of exploration on existing projects and carries them as assets until production commences. Deferred costs include all lease rental payments on project property and executive compensation for fees that relate to exploration activities. Pre-exploration costs are generally expensed unless it is probable that they will generate future economic benefits. The amounts at which exploration and evaluation assets are recorded do not necessarily reflect present or future values. If a project is economically feasible, the related exploration property and deferred exploration costs are amortized over the estimated economic life of the project. If a project has ceased because continuation is not economically feasible, the exploration properties and the exploration and evaluation assets are written off to net recoverable amount.

The Company reviews its evaluation and exploration assets at the end of every financial reporting period to determine if events or changes in circumstances have transpired which indicate that its carrying value may not be recoverable. The recoverability of costs incurred on the exploration and evaluation assets is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is possible that conditions in the near-term could change the Company's assessment of the carrying value. When a project is considered to no longer have commercially viable prospects for the Company, exploration properties and exploration and evaluation assets in respect of that property are assessed as impaired and written off to the statement of operations and comprehensive loss.

Once the technical feasibility and commercial viability of extracting a mineral resource has been determined, the property is considered to be a mine under development. Exploration properties and exploration and evaluation assets are tested for impairment before being transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Consideration, in the form of cash and/or shares received under exploration property option agreements or proceeds from the sale of royalty interests, is applied against the acquisition cost of the exploration property and related exploration and evaluation assets. Consideration, in excess of the acquisition cost and related exploration and evaluation on the exploration property, is reported as income for the period and is included as income in the statements of operations and comprehensive loss.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is recorded over the estimated useful life of assets on the diminishing balance or straight-line basis using the following rates:

Furniture and equipment 20%, diminishing balance
Computer hardware 30%, diminishing balance
Computer software 100%, diminishing balance
Leasehold improvements 5 years, straight-line

2. Summary of significant accounting policies (continued)

Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

Share capital

In situations where the Company issues units which are comprised of shares and warrants, the value of the warrants is not separated and is included in share capital in the statements of financial position. Costs associated with the issuance of share capital are netted against share capital.

Flow-through shares

The Company may finance a portion of its exploration activities through the issuance of flow-through shares which pass the tax deductions on eligible expenditures through the Company to the investors. Upon the sale of flow-through shares, the Company recognizes a liability for the excess purchase price paid (if any) by the investors over the fair value of common shares without the flow-through feature (the "premium") and records the fair value of the shares in equity. When the tax deduction of the expenditures is renounced to the investor, the liability is reversed and a deferred tax liability is recorded for the amount of the benefits renounced to the investors. To the extent the Company has unrecognized tax benefits from loss carry forwards or other tax pools in excess of book value, the Company will offset the future income tax liability resulting in the premium being recognized in the statements of operations and comprehensive loss.

Revenue recognition

Interest income is recorded on the accrual basis.

Financing costs

The Company may incur various costs when issuing or acquiring equity or debt financing. The financing costs are accounted for as a deduction from equity or debt to the extent they are directly attributable to the transaction and otherwise would not have been incurred. Costs related to a planned financing not completed at the financial statement date are recorded as deferred financing costs until the financing transaction is either completed or abandoned. The costs of a transaction that is abandoned are recognized as an expense.

2. Summary of significant accounting policies (continued)

Share-based payments

The Company follows guidance provided by IFRS 2, which requires that a fair value based method of accounting be applied to all share-based payments. The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. For equity-settled share-based payment transactions for non-employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions under which the options were granted. The Company currently estimates the expected volatility of its common shares based on historical volatility taking into consideration the expected life of the options. The risk-free interest rate assumption is based on the Bank of Canada marketable bonds with a remaining term equal to the stock options' expected life.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, such asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

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 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 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 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. Critical judgments and accounting estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of judgment and estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Exploration and evaluation assets

The application of the Company’s accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of such expenditure is unlikely, the amount capitalized is written off in the statements of operations and comprehensive loss in the period the new information becomes available. No indications of impairment were present at December 31, 2020.

3. Critical judgments and accounting estimates (continued)

Discount rate on initial recognition
All the components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental borrowing rate is used instead. The definition of the lessee's incremental borrowing rate states that the rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a right-of-use asset.

4. 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.

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)

4. Exploration and evaluation assets (continued)

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.

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 year ended December 31, 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.

On November 4, 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").

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

The Tugaske Project (continued)

On November 26, 2020, the Company announced that, in alignment with its partner and Tugaske Project off-taker, Helm AG, it has made the decision to replace the "financial investor" as identified in the Tugaske Project SPV (Special Purpose Vehicle).

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	7,363	-	378,628	385,991
Geological and project management	-	-	498,713	498,713
Engineering	-	-	976,668	976,668
Drilling	-	-	41,017	41,017
Environmental	-	-	36,166	36,166
Technical reports/feasibility analysis	-	-	2,280,350	2,280,350
Transfer to Tugaske [(4)]	-	(5,762,196)	5,762,196	-
Balance, December 31, 2020	**$ 841,623**	**$ 2,473,819**	**$ 9,973,738**	**$ 13,289,180**

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) Proceeds from sale of royalty interest was re-allocated to Tugaske Project as part of the Project cost.
4) Direct costs re-allocated from the Vanguard Area project to the Tugaske Project

(Expressed in Canadian Dollars)

5. 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, December 31, 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 year	909	2,765	280	-	3,954
Balance, December 31, 2020	**103,055**	**89,848**	**12,910**	**95,853**	**301,666**

Carrying amount

	Furniture and equipment $	Computer hardware $	Computer software $	Leasehold improvements $	Total $
At December 31, 2019	**4,546**	**5,902**	**280**	**-**	**10,728**
At December 31, 2020	**3,637**	**10,913**	**-**	**-**	**14,550**

(Expressed in Canadian Dollars)

6. 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	(53,516)	(1,846)	(55,362)
Balance, December 31, 2020	**$ 40,139**	**$ 4,150**	**$ 44,289**

7. 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	16,654	3,407	20,061
Lease payments	(72,151)	(4,788)	(76,939)
Balance, December 31, 2020	**$ 49,776**	**$ 6,852**	**$ 56,628**

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Property	$ 49,776	$ -	$ -	$ -	$ 49,776
Equipment	2,200	4,652	-	-	6,852
Total	**$ 51,976**	**$ 4,652**	**$ -**	**$ -**	**$ 56,628**

8. 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 December 31, 2020, the Company had 384,232,935 common shares (December 31, 2019 – 382,832,935) issued and outstanding.

(Expressed in Canadian Dollars)

8. Share capital (continued)

c) Warrants

The Company has the following warrants outstanding as a result of equity issues for the years presented. As of December 31, 2020, the Company had no outstanding warrants.

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2018	**17,976,167**	**0.15**
Exercised	(1,283,076)	(0.075)
Expired	(16,068,759)	(0.16)
Balance, December 31, 2019	**624,332**	**0.12**
Expired	(624,332)	(0.12)
Balance, December 31, 2020	**-**	**-**

9. Stock options

Stock option transactions for the years presented are as follows:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2018	**29,510,607**	**0.11**
Granted (1)(2)	11,750,000	0.14
Expired/forfeited	(5,050,000)	(0.11)
Exercised	(4,561,748)	(0.09)
Balance, December 31, 2019	**31,648,859**	**0.12**
Granted (3)(4)(5)(6)	4,300,000	0.16
Expired/forfeited	(948,859)	(0.07)
Exercised	(1,400,000)	(0.08)
Balance, December 31, 2020	**33,600,000**	**0.13**

The weighted average grant date fair value of options granted during the year ended December 31, 2020 was $0.16 (December 31, 2019 - $0.14).

9. 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 year ended December 31, 2020, $nil (year ended December 31, 2019, $119,187) 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 October 24, 2019, the Company granted an aggregate of 10,250,000 stock options (including 8,000,000 stock options to directors and senior officers of the Company) at an exercise price of $0.14 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 $1,155,264 using the Black-Scholes valuation model. During the year ended December 31, 2020, $nil (year ended December 31, 2019, $1,155,264) 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: 1.54%;
- Expected life: 5.0 years;
- Expected volatility: 114% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.14.

(3) 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 year ended December 31, 2020, $26,100 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.

9. Stock options (continued)

(4) On April 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 $67,800 using the Black-Scholes valuation model. During the year ended December 31, 2020 $67,800 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.

(5) 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 year ended December 31, 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.

(6) On December 31, 2020, the Company granted an aggregate of 2,500,000 stock options to a consultant at an exercise price of $0.205 per share, exercisable for a period of 5 years. The options vests on April 1, 2021. The estimated fair value of these options at the grant date was $376,500 using the Black-Scholes valuation model. During the year ended December 31, 2020, $nil 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: 0.39%;
- Expected life: 5.0 years;
- Expected volatility: 99% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.205

(Expressed in Canadian Dollars)

9. Stock options (continued)

The following table reflects the stock options issued and outstanding as of December 31, 2020:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
June 6, 2021	0.06	0.43	3,100,000	3,100,000	-
September 18, 2021	0.06	0.72	1,000,000	1,000,000	-
December 6, 2021	0.10	0.93	500,000	500,000	-
February 20, 2022	0.13	1.14	4,300,000	4,300,000	-
February 20, 2022	0.17	1.14	150,000	150,000	-
April 23, 2022	0.18	1.31	3,000,000	1,500,000	1,500,000
November 13, 2022	0.08	1.87	1,000,000	1,000,000	-
February 1, 2023	0.09	2.09	2,500,000	2,500,000	-
June 13, 2023	0.145	2.45	1,000,000	-	1,000,000
July 18, 2023	0.145	2.54	1,000,000	1,000,000	-
January 31, 2024	0.105	3.08	1,500,000	1,500,000	-
October 23, 2024	0.14	3.81	10,250,000	10,250,000	-
February 9, 2025	0.11	4.11	300,000	300,000	-
March 31, 2025	0.085	4.25	1,000,000	1,000,000	-
June 3, 2025	0.095	4.42	500,000	500,000	-
December 30, 2025	0.205	5.00	2,500,000	-	2,500,000
	0.13	**2.60**	**33,600,000**	**28,600,000**	**5,000,000**

10. Net loss per common share

The calculation of basic and diluted loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of $1,002,361, (year ended December 31, 2019 – $2,724,723) and the weighted average number of common shares outstanding of 383,114,356, (year ended December 31, 2019 – 371,800,546). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

(Expressed in Canadian Dollars)

11. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2019 – 27%) to the effective tax rate is as follows:

	2020	2019
Loss for the year, before income taxes	**$ (1,002,361)**	$ (2,724,723)
Income tax recovery at statutory rates	**$ (270,640)**	$ (735,670)
Increase (decrease) related to:		
Non-deductible expenses	**35,640**	306,310
Flow-through share premium	**-**	(72,270)
Share issuance costs booked through equity	**-**	(19,750)
Change in tax benefits not recognized	**235,000**	521,380
Provision for income taxes	**$ -**	$ -

The following table summarizes the components of deferred tax:

	2020	2019
Deferred Tax Assets		
Capital lease obligation	**$ 11,960**	$ -
Non-capital tax losses carried forward	**1,131,490**	1,155,660
Deferred Tax Liabilities		
Resource pools - Mineral Properties	**(1,131,490)**	(1,131,370)
Property and equipment	**-**	(24,290)
Right to use assets	**(11,960)**	-
	$ -	**$ -**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

	2020	2019
Property, plant and equipment	**$ 3,270**	$ -
Non-capital losses carried forward	**18,105,170**	16,837,330
Marketable securities	**239,450**	1,004,350
Net capital losses carried forward	**102,280**	102,280
Share issuance costs	**367,780**	707,650
Capital lease obligation	**12,340**	113,510
Charitable donations carry forward	**1,400**	1,020

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issuance and financing costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian Dollars)

11. Income taxes (continued)

The Company's Canadian non-capital income tax losses expire as follows:

2030	$	753,590
2031		1,729,570
2032		2,082,250
2033		1,733,650
2034		885,760
2035		912,440
2036		1,530,910
2037		2,231,630
2038		2,828,300
2039		2,197,280
2040		1,218,130
	$	18,103,510

12. General and administrative

	Years Ended December 31, 2020	2019
Wages and incentive compensation (note 13)	**$ 126,072**	$ 31,501
Project finance costs (notes 13 and)	**-**	751,560
Marketing and promotion	**105,351**	86,182
Professional fees (note 13)	**294,929**	378,462
Office and general	**277,656**	652,047
	$ 804,008	$ 1,899,752

(Expressed in Canadian Dollars)

13. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

		Year Ended December 31, 2020	Year Ended December 31, 2019
FCON Consulting	(i)	**$ -**	$ 300,000
Rob Theoret	(ii)	**180,000**	180,000
10118810 Saskatchewan Ltd	(iii)	**180,000**	180,000

i) Controlled by Chief Executive Officer. For the year ended December 31, 2019 – 83% is included in exploration and evaluation and 17% general and administrative expenses.

ii) Compensation to the Chief Financial Officer. For the year ended December 31, 2020, 56% is included in exploration and evaluation and 44% in general and administrative expenses (year ended December 31, 2019, – 58% and 42%, respectively).

iii) Controlled by VP, Corporate Services. For the year ended December 31, 2020, 25% is included in exploration and evaluation and 75% in general and administrative expenses (year ended December 31, 2019, – 100% in general and administrative expenses)

(b) Remuneration of directors and key management personnel, other than consulting fees as disclosed above, of the Company was as follows:

		Year Ended December 31, 2020	Year Ended December 31, 2019
Salaries and benefits	(i)	**$ 300,000**	$ -
Stock-based compensation		**67,800**	917,408
		$ 367,800	$ 917,408

(i) For the year ended December 31, 2020 – 78% is included in exploration and evaluation and 22% general and administrative expenses.

The directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

c) To the knowledge of the directors and executive officers of the Company as of December 31, 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.

14. Financial risk management

The Company's financial risk management goals are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's statement of financial position from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through identifying risk appropriately, aligning risk with overall business strategy, diversifying risk, pricing appropriately for risk, mitigation through preventive controls, and transferring risk to third parties.

The long-term investment objective and strategy for the direct investment holdings remain unchanged. The short-term corporate objective and strategy may be modified to reflect global economic, financial and general market conditions, which will inevitably have an impact on the overall risk assessment of the Company. Such modifications may include, among others, streamlining operational costs, preserving cash to the extent possible, and adjusting the strategy for the disposition of securities to reflect market conditions. The Company has invested primarily in the equity securities of Canadian resource issuers. Investors are exposed to the risks and rewards of the Canadian resource sector.

The carrying value of cash, other receivables, amounts payable and other liabilities approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

The Company's exposure to potential loss from financial instruments relates primarily to its investment activities, and in particular, credit risk, liquidity risk, currency risk, and market risk including credit quality and equity market fluctuation risk as described below.

Credit risk
Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations; the Company's maximum exposure to credit loss is the book value of its financial instruments. The Company is not exposed to any significant credit risk as at December 31, 2020. The Company's cash is deposited with a major Canadian chartered bank and is held in highly-liquid investments.

As at December 31, 2020, the aggregate gross credit risk exposure related to cash was $748,946 (2019 – $7,490,488), and was entirely comprised of cash held with financial institutions with an "AA" credit rating or above and securities brokerage firms. As at December 31, 2020, the aggregate gross credit risk exposure related to receivables was $37,189 (2019 – $131,164) and was primarily comprised of commodity taxes receivables and other receivables.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are due within one year. The Company manages liquidity risk through the management of its capital structure. As at December 31, 2020, the Company had a total of $748,946 in cash and $6,305 in investments to settle liabilities of $537,476.

The Company believes that its cash position and investments in marketable securities will not provide adequate liquidity to meet all of the Company's financial obligations and continue exploration activities for at least the next twelve months (see note 1). The Company anticipates to complete additional financing to improve its liquidity.

14. Financial risk management (continued)

Currency risk
Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company believes it is not significantly exposed to foreign exchange risk at this time as its business activities are denominated in Canadian currency. The Company has exposure to foreign currency risk on its US currency held in the bank. As at December 31, 2020, the Company held US$203,169 of monetary assets. A 5% fluctuation in the value of the Canadian dollar would result in an increase or decrease to profit or loss of approximately $3,000. The Company mitigates the risk of foreign currency fluctuations by converting US currency to Canadian dollars when required to fund expenditures. The Company does not currently hedge its foreign exchange risk.

Market risk
Market risk is the risk of loss arising from adverse changes in financial market rates and prices, such as interest rates, the trading price of equity and other securities, and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the underlying assets are traded. Market price fluctuations and fluctuations in the value of equity securities affect the level and timing of recognition in earnings and comprehensive earnings of gains and losses on securities held. General economic conditions, political conditions and many other factors can also adversely affect the stock markets and consequently, the value of the equity securities held.

Fair values

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Fair value hierarchy and liquidity risk disclosure

Cash and investments	Level 1	Level 2	Level 3	Total
December 31, 2020	$ 755,251	$ -	$ -	$ 755,251
December 31, 2019	$ 7,492,781	$ -	$ -	$ 7,492,781

15. Capital management

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

At December 31, 2020, the Company's capital structure consists of the equity of the Company. The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

16. Commitments and contingencies

i) While the Company has performed its own due diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects. If the Company defaults with respect to making payments or completing assessment work as required in order to keep its permits in good standing, the Company may lose its rights to the properties underlying such claims.

ii) The Company is party to management agreements which require that additional payments to be made upon the occurrence of change of control of 12 months of the consulting fee. As the triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

17. Subsequent events

i) On February 12, 2021, the Company has completed a non-brokered private placement financing of 29,032,123 common shares at $0.18 per common shares of the Company for gross proceeds of $5,225,782. The Company paid commissions to certain finders consisting of cash payments of $251,490 and the issuance of 1,397,165 broker warrants exercisable into common shares at $0.18 per broker’s warrant for a period of 36 months following the closing date.

ii) On March 22, 2021, the Company announced the completion of an up-to-date NI 43-101 Technical Report summarizing the Tugaske Project