



MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2020

## Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A" or "MD&A") of Gensource Potash Corporation (the "Company" or "Gensource") for the three months ended March 31, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual financial statements of the Company for the years ended December 31, 2019 and December 31, 2018 and the unaudited condensed interim financial statements for the three months ended March 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at June 1, 2020, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

The following MD&A, particularly under the heading "Liquidity and Capital Resources", contains forward-looking information that involves numerous risks and uncertainties. The forward-looking information is not historical fact, but rather is based on the Company's current plans, objectives, goals, strategies, estimates, assumptions and projections about the industry, business and future financial results. The Company's actual results could differ materially from those discussed in such forward-looking statements.

For the purposes of preparing this MD&A, management and the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

## Summary of Key Activities

The Tugaske Project ("Tugaske" or the "Project") continued to march forward this quarter, making steady and systematic progress through the project finance process, which will ultimately result in a debt and equity finance package, which will allow the Project to move into execution (detailed engineering, procurement and construction). Highlights include:

- Significant progress in the banking due diligence process. The overall due diligence process includes six areas of work:
  - An independent engineering review of the Project,

- This work is complete to the first draft stage, and no “red flags” or “showstoppers” have been identified. Once the detailed equipment procurement work currently underway by Gensource, is complete, a final review will be completed by the independent engineer.
- An independent environmental and social review of the Project,
  - This work is complete, and the draft report has been submitted to the banking group. No issues were identified.
- An independent market study for the planned marketing of the product from the Project,
  - This work is complete to the draft stage and will be finalized by the end of May. The report covered the planned market areas and reviewed the supply-demand dynamics, together with a forecast of demand and product pricing in those areas and included an assessment of the competitive advantages of the Tugaske Project.
- An independent review of insurance requirements for the Project,
  - This work is nearing completion at the time of this writing.
- Legal and corporate due diligence work, and
  - This work is underway
- An independent audit of the financial model created for the Project.
  - This work has been initiated and is expected to be complete by mid-June.
- The completion of the final, definitive off-take agreement between Gensource and Helm Fertilizer USA. This work has been on-going and is now nearing a conclusion.
- The initiation of negotiations to create the project entity (ProjectCo.) amongst the three planned shareholders: Gensource, Helm and the independent third-party investor. Entity structuring is being reviewed and initial shareholder agreement drafts have been created.
- Equity. Gensource continues to work closely with well-known and capable equity groups to create the right structure for the investment of the Gensource required equity in the ProjectCo.
- Debt. Gensource announced May 19<sup>th</sup> that it has added Société Générale to the banking group. See Gensource’s news release dated May 19, 2020. Gensource is thrilled to attract one of the world’s top mining finance banks to join with its banking partner KfW IpeX-Bank in the arranging of the required senior debt for the project. As indicated in the cited news release, Gensource is proud to be in partnership with two such capable and renowned banks in the project finance industry. This augers well for the completion of the debt financing.

### **Caution Regarding Forward-looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of Gensource's properties to contain potash deposits.	Financing will be available for future exploration and development of Gensource's properties; the actual results of Gensource's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Gensource's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Gensource, and applicable political and economic conditions will be favourable to Gensource; the price of potash and applicable interest and exchange rates will be favourable to Gensource; no title disputes exist with respect to the Company's properties.	Potash price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Gensource's expectations; availability of financing for and actual results of Gensource's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending March 31, 2020.	The operating and exploration activities of the Company for the twelve-month period ending March 31, 2021, and the costs associated therewith, will be consistent with Gensource's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to Gensource.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; ongoing uncertainties relating to the COVID-19 virus.
The Company's ability to carry out anticipated exploration on its property interests.	The exploration activities of the Company for the twelve-month period ending March 31, 2021 and the costs associated therewith, will be consistent with Gensource's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to Gensource.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; ongoing uncertainties relating to the COVID-19 virus receipt of applicable permits.
Plans, costs, timing and capital for future exploration and development of Gensource's property interests, including the costs and potential impact of	Financing will be available for Gensource's exploration and development activities and the results thereof will be favourable; actual operating and exploration	Potash price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological

Forward-looking statements	Assumptions	Risk factors
complying with existing and proposed laws and regulations.	costs will be consistent with the Company’s current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Gensource; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions will be favourable to Gensource; the price of potash will be favourable to Gensource; no title disputes exist with respect to Gensource’s properties.	data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Gensource’s expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company’s ability to retain and attract skilled staff.
Management’s outlook regarding future trends.	Financing will be available for Gensource’s exploration and operating activities; the price of potash will be favourable to Gensource.	Potash price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus.
Sensitivity analysis of financial instruments.	The aggregate gross credit risk exposure related to cash at March 31, 2020, was \$4,972,428 (December 31, 2019 – \$7,490,488), and was entirely made up of cash held with financial institutions with an “AA High” credit rating or above and securities brokerage firms.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.
Prices and price volatility for potash.	The price of potash will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of potash will be favourable.	Changes in debt and equity markets and the spot price of potash; interest rate and exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond Gensource’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Gensource’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All

forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Description of Business**

Gensource Potash is a fertilizer development company based in Saskatoon, Saskatchewan and is on track to become the next fertilizer production company in that province. With a small scale and an environmentally leading approach to potash production, Gensource believes its technical and business model will be the future of the industry. Gensource operates under a business plan that has two key components: (1) vertical integration with the market to ensure that all production capacity built is directed, and pre-sold, to a specific market, eliminating market-side risk; and (2) technical innovation which will allow for a small and economic potash production facility, that demonstrates environmental leadership within the industry, producing no salt tailings, therefore eliminating decommissioning risk, and requiring no surface brine ponds, thereby removing the single largest negative environmental aspect of potash mining.

Its registered head office is located at Peterson McVicar, 18 King Street, Suite 902, Toronto, Ontario, M5C 1C4.

### **Operational Highlights**

#### **Corporate**

On January 30, 2020, the Company announced that HELM AG is the offtaker for the Tugaske project.

February 11, 2020, the Company announced the engagement of thinkHERO Incorporated as a strategic branding and communications partner. thinkHERO has been retained to provide heightened brand awareness for Gensource to its various stakeholders. Initial services will include branding and marketing, website design and development, and digital and social presence. Beyond this initial work, thinkHERO will provide investor and media relations. The Company granted an aggregate of 300,000 stock options 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.

On March 23, 2020, the Company announced that Amy O'Shea has agreed to join the board of directors of the Company effective April 1, 2020.

#### **Exploration & Evaluation**

The Vanguard Area is located in central Saskatchewan and comprises two Government of Saskatchewan mineral leases, KL244 and KL245.

#### Historical information on the development of the Vanguard Area:

The following are key highlights, repeated from previous years' MD&A's starting in 2018, in chronological order, to provide full background of the progress made by Gensource on its project developments.

- In 2018, Gensource continued to collaborate with ADROK Ltd, a cutting-edge technology company headquartered in the United Kingdom, to investigate the use of their patented technology

for the mapping and delineation of the potash members within the Prairie Evaporite. ADROK's ADR imaging technology (Atomic Dielectric Resonance) was deployed in Gensource's Vanguard Area in 2017 as part of a proof of concept survey looking at potash deposits, with the aim to establish confidence that ADR can assist Gensource's exploration and resource evaluation efforts. Since collecting and analyzing the field data, Gensource, ADROK, and Terra Modelling Services (Gensource's independent geological consultant) have co-authored a white paper on this proof of concept and are in the process of having it published in relevant industry journals.

- In August 2018, the Company received a determination of "not a development" from the Saskatchewan Ministry of Environment, Environmental and Stewardship Branch. This determination allows the Vanguard One project to proceed to the detailed construction licensing/permitting process having achieved environmental approval.
- In conjunction with the Environmental Assessment process, Gensource completed an additional field pumping study, to further validate/confirm the groundwater source for the project, and the potential impacts to existing users, if any.

In fall 2018, Gensource initiated a one (1) well exploration program in its Vanguard Area, focusing the program to the KL245 lease. The goal of the exploration program was to:

- Confirm resource extents and grades in the area (adjacent to resource already drilled in the area), and
- Upgrade resource categorization from Inferred to Measured and Indicated

To support the placement of the exploration drill hole for the 2018 exploration drilling program, Gensource engaged a geophysical consultant. As part of their services, the consultant provided an interpretation of the seismic data previously acquired for the area (both 2D and 3D) and confirmed an acceptable location for drilling.

As a part of the 2018 exploration program, over 200 samples were selected from the 65+ meters of sylvinite-bearing core extracted from the new well drilled by Gensource (4-1), representing all three members of the Prairie Evaporite formation. The samples were assayed in a testing facility in Saskatoon.

To support the exploration drilling completed in 2018, Gensource engaged an independent geological consultant. The consultant provided, geological management and oversight, wellsite geological services, core logging and descriptions, and resource estimation. The resulting effort culminated in an update to the estimated resources in the Vanguard Area. The updated resource was published in a Gensource news release dated January 3, 2019 (available on the company's website).

In 2018, Gensource also advanced technical work on three separate studies, all related to better understanding the resource, geology, and intended mining method in the Vanguard Area. This included:

- Working with a geophysical services company based in Edinburgh, on a pilot geophysical investigation project; initiating a dissolution study performed by an analytical research facility, to complete lab-scale testing of the selective dissolution mining process; and
- Engaging a reservoir modelling consultant, using industry leading software to model the horizontal cavern mining process, to help assess the temperature and production profiles of the Gensource selective solution mining technique
- Gensource continues to engage with the villages of Tugaske and Eyebrow, and the surrounding RM's, attending RM council meetings, fundraisers, etc.
- Gensource is continuing to explore transportation and logistics options, assessing viable alternatives to cost effectively ship potash to end-user customers around the globe. This includes looking at shipping product both west and east from the project site.

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- Confirm resource extents and grades in the area, adjacent to resource already drilled in the area, and
- Upgrade resource categorization from Inferred to Measured and Indicated

Gensource contracted CWC Ironhand Drilling (“CWC”) and their Rig #2, to complete the well. CWC was supported by many service providers at the site, including Artisan Consulting Services Ltd. who provided drill site supervision and coordination this well on behalf of Gensource. The work was completed in just under 4 weeks and over 5000 hours on-site, with zero injuries, zero reportable incidents, and no environmental issues. The well was drilled into the Precambrian Basement to a total depth of approximately 2200 metres (m) below ground surface, providing an opportunity to convert the well to a disposal well in the future as part of the Project. Core from this well was recovered from the Prairie Evaporite Formation (Saskatchewan’s potash bearing formation), which was subsequently transported from the drilling site to SRC Laboratories in Saskatoon, where it was then logged by independent geologists from Terra Modelling Services Inc. and samples were sent for assaying. As part of this well, a drill stem test for formation water was conducted. The test result was positive for groundwater. Gensource will continue to assess all data gathered from the area, to determine if a suitable brackish groundwater source exists to supplement the water demand of each module developed.

In 2019, Gensource also concluded technical studies that were initiated in 2018, related to better understanding the resource, geology, and intended mining method in the Vanguard Area. This included:

- a dissolution study, being performed by Hazen Research, to complete lab scale testing of the selective dissolution mining process; and
- a cavern model, being executed by AnBound Modelling Inc. using industry leading software, to model the horizontal cavern mining process and help assess the temperature and production profiles of the Gensource selective solution mining technique.

Finally, in 2019 Gensource also advanced the reclamation efforts of 3 previously completed exploration wells. These wells need to be reclaimed, monitored, and released, as per Government regulations.

#### Current and Future Plans Related to the Vanguard One Project:

- The Vanguard One Project still has an offtake agreement in place, and Gensource is continuing to look for debt and equity partners for that Project, before advancing the Project to the next stage of development.

#### Current and Future Plans Related to the Tugaske Project:

- In Q1 2020, KfW IPEX-Bank (lead debt arranger for the Tugaske Project, as announced in a news release on October 18, 2019) engaged the “Independent Engineer” (IE) to complete the technical due diligence study and report of the Tugaske Project. Gensource’s technical team responded to questions and requests from the IE, and site meetings were conducted so that the IE could complete their initial status report in early Q2.
- Concurrent to the technical due diligence, Gensource’s technical team worked on advancing front-end engineering design (FEED) in several key areas of the Project, continuing to prepare the Project to move to full execution upon successful completion of the financing milestones. This included technical collaboration and procurement work with a consortium of German design-supply vendors, to optimize the process design and equipment selection for the process plant. Other key

procurement and contracting setup work was initiated, aiming to have key procurement packages ready for execution early in the next stage of the Project, including wellfield drilling.

- As part of the continued groundwater source evaluation and investigation commitment, Gensource worked with RPS Energy (RPS) to complete an interpretation of potential groundwater sources in the Vanguard Area. RPS completed a design workflow that involved the analysis of the existing 3D seismic data acquired for the area (previously acquired by RPS), combined with the evaluation of the results of the various Drill Stem Tests (DSTs) and other geological data collected as part of the exploration drilling activities previously completed. The purpose of the analysis is to assess the groundwater potential in the area for deeper “brackish” sources of water, which could be available in sufficient quantity and quality suitable for future use in mining, which have no other existing use (i.e. too saline for consumption, irrigation, livestock, etc.). The use of any such brackish groundwater sources could both offset the use of shallower groundwater sources for the Project, as well as support the water requirements of additional modules to be constructed in the area. RPS’ work has resulted in some recommendation for further field investigation and analysis, to refine the understanding of the initial targets identified as potentially promising.
- Gensource will complete the procurement work that can be completed prior to financial close to ensure that 1) the project is as ready as it can be to move into full execution, and 2) to ensure overall capital costing is as accurate and current as it can be, in order to reduce risk and fine tune the finance structure as efficiently as possible. This procurement work includes process plant and wellfield equipment sourcing, as well as obtaining proposals for the wellfield drilling and associated pipelines back to the process plant.

Current and Future Plans Related to the Vanguard Area

The following summarizes the Company’s current development plans in the Vanguard Area, total estimated cost to complete the project development work, and total expenditures incurred to date.

<b>Summary of Completed Activities (Three months ended March 31, 2020)</b>	<b>(A) Spent</b>		<b>Plans for the Project (Calendar Year 2020)</b>	<b>(B) Planned Expenditures</b>
Property acquisition and surface access fees	\$294,122		Engineering and construction preparations	\$1,000,000
Geological and project management	\$ 57,087		Project Financing costs	\$3,000,000
Engineering	\$374,512			
Drilling	\$ 36,622		Carrying costs to maintain properties in good standing	400,000
Seismic	\$ nil			
Environmental	\$ nil			
<b>Total</b>	<b>\$762,343</b>			<b>\$4,400,000</b>

The technical due diligence efforts for the Tugaskie Project will continue, aiming for completion of the IE work in Q2 2020. Efforts on FEED and other key project activities will continue, such as setup of key contracts required for engineering, procurement, and construction (including drilling). The Project team will work on preparations for initiating the Project when key financing milestones are achieved. This involves the ongoing participation and planning with the Project’s lead design consultant (Engcomp) and the general construction contractor (South East Construction), who will lead the execution of the Project alongside Gensource as part of their integrated team.

The following table shows estimated Expenditures for the Tugaske Project, targeted to move into full execution in Q3-2020 and extending through the end of 2022:

**TUGASKE PROJECT - CAPITAL COST ESTIMATE SUMMARY**

AREA	Area Description	Grand Total Cost	% of Total	USD
100	Mining	\$ 23,737,691	8%	\$ 18,259,762
200	Wellfield	\$ 17,303,806	6%	\$ 13,310,620
300	Process Plant	\$ 75,334,270	25%	\$ 57,949,439
400	Product Storage and Loadout	\$ 13,366,062	4%	\$ 10,281,586
500	Site Infrastructure	\$ 25,963,062	9%	\$ 19,971,586
600	Offsites	\$ 6,877,011	2%	\$ 5,290,008
700	Non-Process Facilities	\$ 29,550,001	10%	\$ 22,730,770
	<b>TOTAL DIRECT COST</b>	<b>\$ 192,131,903</b>	<b>63%</b>	<b>\$ 147,793,772</b>
900	Project Indirects	\$ 78,777,600	26%	\$ 60,598,154
	<b>TOTAL INDIRECT COSTS</b>	<b>\$ 78,777,600</b>	<b>26%</b>	<b>\$ 60,598,154</b>
	<b>DIRECT + INDIRECT COSTS</b>	<b>\$ 270,909,503</b>	<b>89%</b>	<b>\$ 208,391,925</b>
980	Contingency	\$ 33,395,979	11%	\$ 25,689,215
	<b>GRAND TOTAL COST</b>	<b>\$ 304,305,482</b>	<b>100%</b>	<b>\$ 234,081,140</b>

Current and Future Plans Related to the Lazlo Project:

No significant engineering or geological work was completed for the Lazlo project area during the three months ended March 31, 2020, nor is any currently planned, pending completion of work on the Tugaske Project.

The following summarizes the Company's current confirmation and development programs at the Lazlo project areas, total estimated cost to complete the project development work, and total expenditures incurred to date.

<b>Summary of Completed Activities (Three months ended March 31, 2020)</b>	<b>(A) Spent</b>	<b>Plans for the Project</b>	<b>(B) Planned Expenditures</b>
Land acquisition and staking Geological and project management	\$2,479	At the date of this MD&A, it is more likely, in the immediate term, for the Company to pursue the Vanguard project and therefore the budgeted expenditures are not included here.	\$25,000
<b>Total</b>	<b>\$2,479</b>		<b>\$25,000</b>

## Technical Information

Mike Ferguson, P.Eng., a qualified person pursuant to NI 43-101, has reviewed and approved the technical disclosure in this MD&A.

## Trends

Gensource anticipates that it will continue to experience net losses as a result of ongoing cash outflows from investing in its potash assets and operating costs until such time as revenue-generating activity is commenced. The Company's future financial performance is dependent on many external factors. Both the price of and the market for potash are volatile, difficult to predict, and subject to changes in domestic and international political, social, and economic environments. Circumstances and events such as economic conditions and volatility in the capital markets could materially affect the future financial performance of the Company. See "Caution Regarding Forward-looking Statements" and "Risk Factors".

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global potash prices;
- Demand for potash and the ability to explore and develop for potash;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this Interim MD&A, the Canadian federal government and the provincial government of Saskatchewan have not introduced measures that have directly impeded the operational activities of the Company. Although cash in the Company has materially declined, management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

## Results of Operations

### **Three Months Ended March 31, 2020, Compared to Three Months Ended March 31, 2019**

During the three months ended March 31, 2020, the Company had a net loss of \$597,115 (three months ended March 31, 2019 – \$476,679), resulting in an increase of \$120,436.

Expenses during the three months ended March 31, 2020 were \$598,432 (three months ended March 31, 2019 - \$474,862), an increase of \$123,613, and is primarily due to general and administrative expenses was \$570,432 during the three months ended March 31, 2020 (three months ended March 31, 2019 – \$248,764). Share-based payments was \$13,133 during the three months ended March 31, 2020, compare to \$211,552 for the three months ended March 31, 2019, due to more options issued and vested during the three months ended March 31, 2019.

**Gensource Potash Corporation**  
**Management's Discussion and Analysis – Quarterly Highlights**  
**Three Months Ended March 31, 2020**  
**Dated: June 1, 2020**



During the three months ended March 31, 2020, the Company recorded interest income of \$6,590, (three months ended March 31, 2019 – \$2,828), unrealized gain on investments of \$860 (three months ended March 31, 2019 – \$3,821) and accretion expense of \$6,090 (three months ended March 31, 2019– \$8,466).

During the three months ended March 31, 2020, overall general and administrative expenses were \$835,669 higher than the comparative period in 2019. The following is a breakdown of general and administrative expenses for the three months ended March 31, 2020 and 2019:

<b>Three Months Ended March 31,</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Wages, benefits and incentive compensation <sup>(1)</sup>	24,077	10,947	(13,130)
Project finance costs <sup>(2)</sup>	622,426	NIL	(622,426)
Sales and marketing <sup>(3)</sup>	34,923	26,618	(8,305)
Professional fees <sup>(4)</sup>	150,774	74,333	(76,441)
Office and general <sup>(5)</sup>	(261,768)	136,866	398,634
<b>Total general and administrative expenses</b>	<b>570,432</b>	<b>248,764</b>	<b>(321,668)</b>

(1) Costs were higher due higher social costs.

(2) 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

(3) Costs were higher due to thinkHERO investors relations contract.

(4) Costs were higher during the three months ended March 31, 2020 as a result of the increase in contracted services cost.

(5) Costs were lower during the three months ended March 31, 2020 due to foreign exchange difference.

**Assets**

Assets were \$15,173,687 at March 31, 2020 (December 31, 2019 - \$16,814,733), a decrease of approximately 10%. Exploration and evaluation assets increased by approximately 8% from December 31, 2019. The total amount of exploration and evaluation assets represents approximately 65% of total assets (December 31, 2019 – 54% of total assets).

Receivables decreased by approximately 65% from December 31, 2019 due to a decrease in HST receivable. Further, the Company had an increase in prepaid expenses and deposit of approximately 2,065% due to a retainer paid for the independent engineering report for the Tugaske project and an increase in property, plant and equipment of approximately 5%. At March 31, 2020, the Company had cash of \$4,972,428 (December 31, 2019 - \$7,490,488), with a decrease of \$2,518,060. The Company had Right-to-use assets of \$85,810 (December 31, 2019 - \$99,651).

**Liabilities**

At March 31, 2020, current liabilities were \$973,997 (December 31, 2019 - \$2,014,818). The variation is primarily due to a decrease in amounts payable and other liabilities.

At March 31, 2020, non-current liabilities were \$40,385 (December 31, 2019 - \$56,628) for the lease liability.

The Company will continue to attempt to secure additional financing to facilitate the execution of its business plan.

### Shareholders' equity

At March 31, 2020, shareholders' equity decreased by \$583,982 which is primarily due to the increase in deficit of \$597,115 for the three months ended March 31, 2020.

As at March 31, 2020, the Company had 382,832,935 common shares issued and outstanding, 624,332 common share purchase warrants outstanding and 31,948,859 stock options outstanding, of which 29,223,859 were vested.

### Investment portfolio

The Company's investments consist primarily of resource companies whose principal business is exploration and development. During the three months ended March 31, 2020, there was no change in ownership of these investments but due to the fluctuation of the fair value of these investments, the Company reported an unrealized gain of \$860 (three months ended March 31, 2019 – \$3,821). At March 31, 2020, the market value of the Company's investments was \$3,153 (December 31, 2019 – \$2,293)

### **Cash Flow**

For the three months ended March 31, 2020, the Company decreased its cash position by \$2,518,060 as a result of cash used in operating, and investing as follows:

Cash used in operations, including changes in non-cash working capital of \$1,168,502, totaled \$1,732,344 during the three months ended March 31, 2020. This was as a result of net loss of \$597,115 for the three months ended March 31, 2020, adjusted for non-cash transactions including mainly share-based payments of \$13,133, depreciation \$14,910 and accretion expense \$6,090. For the three months ended March 31, 2019, cash used in operations, including changes in non-cash working capital of \$82,727, totaled \$328,663. This was as a result of net loss of \$476,679 for the three months ended March 31, 2019, adjusted for non-cash transactions including mainly share-based payments of \$211,552, depreciation of \$14,546, and accretion expense on \$8,466.

Cash used in investing activities during the three months ended March 31, 2020 totaled \$785,716, which consisted of the acquisition and expenditure of exploration and evaluation assets of \$764,822. The Company also repaid \$19,235 of leases on right-to-use assets. The expenditure of exploration and evaluation assets cost and was mainly for engineering of \$374,512; property acquisition and surface access fees of \$296,601; geological and project management of \$57,087 and drilling of \$36,622. For the three months ended March 31, 2019, Cash used in investing activities during the three months ended March 31, 2019 consisted of the acquisition and expenditure of exploration and evaluation assets of \$226,142, purchase of equipment of \$1,378 and repayment of right to use assets of \$ 19,234. The expenditure of exploration and evaluation assets cost and was mainly for geological and project management of \$151,154, property acquisition and surface access fees of \$38,001, environmental of \$14,986.

During the three months ended March 31, 2019, the Company received \$272,574 in cash proceeds from financing activities as 2,741,748 stock options were exercised for gross proceeds of \$274,175. This was offset with cost of issuance of \$1,601.

### **Liquidity and Capital Resources**

The activities of the Company, principally the development of resource opportunities, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that future equity capital will be available to the Company in the amounts

or at the times desired by the Company or on terms that are acceptable to it, if at all. See “Caution Regarding Forward-looking Statements” and “Risk Factors”.

The following table summarizes the Company's working capital position:

As at	March 31, 2020	December 31, 2019
Working capital (\$)	4,264,312	5,616,968
Working capital ratio (%)	5.4:1	3.8:1

The Company includes cash, receivables and investments in its capital management considerations. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders by maximizing investment returns through its potash assets and investment portfolio. The Company manages capital in proportion to risk and manages the investment portfolio and capital structure based on economic conditions and prevailing commodity pricing and trends.

The following table is a summary of quantitative data about what the Company manages as capital:

As at	March 31, 2020(\$)	December 31, 2019 (\$)	Change (\$)
Cash	4,972,428	7,490,488	(2,518,060)
Prepays and deposits	219,370	10,134	209,236
Receivables	46,511	131,164	(84,653)
Investments	3,153	2,293	860

### Transactions with Related Parties

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-related entities on an arm's length basis.

Related parties include management, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties:

a) During the three months ended March 31, 2020, compensation of \$90,000, (three months ended March 31, 2019 - \$165,000) were paid to related companies controlled by the director and / or officers of the Company. They were included in general and administrative expenses and exploration and evaluation assets.

	Three months ended March 31, 2020 (\$)	Three months ended March 31, 2019 (\$)
FCON Consulting <sup>(1)</sup>	Nil	75,000
Rob Theoret <sup>(2)</sup>	45,000	45,000
101188810 Saskatchewan Ltd. <sup>(3) (*)</sup>	45,000	55,000
<b>Total</b>	<b>90,000</b>	<b>165,000</b>

(1) Controlled by Chief Executive Officer. For the three months ended March 31, 2019 – 100% in exploration and evaluation assets).

(2) Compensation to the Chief Financial Officer. 0% is included in exploration and evaluation and 100% in general and administrative expenses (three months ended March 31, 2019 – 50% and 50%, respectively).

(3) Controlled by VP, Corporate Services.

(\*) Included in general and administrative expenses.

Remuneration of directors and key management personnel, other than consulting fees, of the Company was as follows:

	Salaries and director fees		Share based payments		Total	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)
Michael Ferguson, Director and Officer	75,000	Nil	Nil	Nil	75,000	Nil
Paul Martin, Director	Nil	Nil	Nil	55,000	Nil	55,000
Calvin Redlick, Director	Nil	Nil	Nil	101,552	Nil	101,552
Mike Mueller, Director	Nil	Nil	Nil	55,000	Nil	55,000
T. Robert Theoret, Officer	Nil	Nil	Nil	Nil	Nil	Nil
Deborah Morsky, Officer	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>75,000</b>	<b>Nil</b>	<b>Nil</b>	<b>211,552</b>	<b>75,000</b>	<b>211,552</b>

b) To the knowledge of the directors and executive officers of the Company as of March 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.

### **New Accounting Standards 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 Pronouncements**

There are no other relevant IFRS's or IFRS interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **Outlook**

For the immediate future, the Company intends to raise additional financing to continue with day-to-day operation, confirmation drilling and other resource confirmation activities as well as engineering and environmental studies as part of project development. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

### **Disclosure Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate filed by the Company, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted

under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's MD&A for the fiscal year ended December 31, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Public Health Crises – COVID-19**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Public Health crises and pandemics such as COVID-19 could limit or prohibit the conduct of exploration activities and could have a negative impact on the ability to obtain funding.

### **Subsequent Events**

1. On April 1, 2020, the Company granted 1,000,000 options to a director of the Company with an exercise price of \$0.085, exercisable for 5 years. These options vest immediately.
2. In April 2020, 300,000 options, at an exercise price of \$0.07 were exercised; and 948,859 options expired unexercised.
3. On May 19, 2020, the Company announced the addition of Société Générale as joint mandated lead arranger for the senior debt financing of the Tugaske Project.