



**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND SIX MONTHS ENDED**

**JUNE 30, 2019**

## 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 and six months ended June 30, 2019 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, 2018. 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 Interim MD&A has been prepared in compliance with 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 Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2018, and 2017, together with the notes thereto, and unaudited condensed interim financial statements for the three and six months ended June 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 29, 2019, unless otherwise indicated.

## Summary of Key Activities

- Significant progress is being made on the debt finance package for the first project within the Vanguard Area (comprising leases KL 244 and KL 245). This is the project "formerly known as Maverick", which will be renamed shortly as the equity investor group organizes the legal joint venture entity that will own and operate the project. On debt financings, the specific milestones achieved are:
  - Letter of interest received from KfW IPEX-Bank of Germany
  - Letter of Interest received from EDC (Export Development Canada)
  - Proposals received from other global project finance banks.
  - Currently defining the details of the formal senior debt mandate letter.
- Equity group has been formed for the initial project, consisting of the following:
  - Gensource. Planned ownership of 42%
  - Off-taker for the project. Planned ownership of 25%
  - Third-party investor. Planned ownership of 33%.
- The project itself is also progressing with further, more detailed, work being performed on specific process equipment design and procurement.

## Caution Regarding Forward-looking Statements

The following Interim 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 Interim MD&A, management, in conjunction with 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).

**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.

<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
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.

<p>The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2020.</p>	<p>The operating and exploration activities of the Company for the twelve-month period ending June 30, 2020, 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.</p>	<p>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.</p>
<p>The Company’s ability to carry out anticipated exploration on its property interests.</p>	<p>The exploration activities of the Company for the three-month period ending June 30, 2020 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.</p>	<p>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; receipt of applicable permits.</p>
<p>Plans, costs, timing and capital for future exploration and development of Gensource’s property interests, including the costs and potential impact of complying with existing and proposed laws and regulations.</p>	<p>Financing will be available for exploration and development activities and the results thereof will be favourable; actual operating and exploration 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.</p>	<p>Potash price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the 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; 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.</p>
<p>Management’s outlook regarding future trends.</p>	<p>Financing will be available for Gensource’s exploration and operating activities; the price of potash will be favourable to Gensource.</p>	<p>Prolonged low-price environment, other new production and their combined depressing effect on gaining strategic partner interest; changes in debt and equity markets; interest rate and exchange</p>

		rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	The aggregate gross credit risk exposure related to cash at June 30, 2019, was \$190,263 (December 31, 2018 – \$975,158), 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.
Gensource will continue to focus its efforts on securing strategic partners for developing a successful potash production facility.	Strategic partners with the same goal as Gensource will agree to terms favourable to Gensource for the development of a potash production facility.	Management may not find strategic partners; terms may be unfavourable to Gensource.
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.

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 below. 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 is based in Saskatoon, Saskatchewan, and is focused on potash development. Its registered head office is located at Peterson & McVicar LLP, 18 King Street, Suite 902, Toronto, Ontario, M5C 1C4.

## Operational Highlights

### Corporate

On January 31, 2019, the Company granted 1,500,000 stock options at an exercise price of \$0.105 and are exercisable for a period of 5 years. The options vest immediately.

During the six months ended June 30, 2019, 2,741,748 options were exercised for gross proceeds of \$274,175 by directors and management.

During the six months ended June 30, 2019, 1,067,076 warrants were exercised for gross proceeds of \$69,360.

### Exploration & Evaluation

#### Updates on the Vanguard Area Projects

- Gensource continued to work on project planning and preparation efforts, in conjunction with project financing, so that the execution of key tasks (engineering for construction, long-lead equipment orders, etc.) can begin upon completion of project financing milestones.
- Gensource engaged with the local communities, participating in RM council meetings for both the RM of Huron (No. 223) and the RM of Eyebrow (No.193), sharing updates about Gensource and the status of projects in the Vanguard Area.
- Gensource attended the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) 2019 conference in May 2019 in Montreal, giving a presentation on their small-scale environmentally friendly approach to potash production, titled: "*Changing the Game: An Environmentally, Socially, and Market Sustainable Approach to Potash Mining*". A copy of the presentation is available on the company's website: <http://gensourcepotash.ca/wp-content/uploads/2019/05/Gensource-Potash-CIM-2019-Presentation-Rev.0.pdf>
- Gensource completed reclamation work on its exploration drilling sites, drilled in 2016, 2017, and 2018 respectively, as part of the environmental process to return these sites to their pre-disturbed state.
- Technical information was shared, and meetings were held with the offtaker, equity investors, and potential debt financing partners, to advance the implementation of a second project in the Vanguard Area

#### Current and Future Plans Related to the Vanguard Area Projects

- Gensource will advance planning and begin initiation of exploration activities to be executed in the Vanguard Area in the fall/winter of 2019; furthering the preparation of the area to accommodate several Gensource potash production modules which is part of the company's long-term business strategy.
- Gensource will continue to monitor the reclaimed exploration drilling sites, as per the environmental regulations of the Province of Saskatchewan.
- Gensource will continue to advance project planning and initiation efforts for all projects under development in the Vanguard Area.
- Gensource will continue to engage with the local communities and provincial government, to share information and plans on the company and the Vanguard Area Project, aiming to create awareness and alignment on the objectives and opportunities Gensource will bring to the province of Saskatchewan.

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

Summary of Completed Activities (Six months Ended June 30, 2019)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Property acquisition, mineral leases and surface access fees	\$327,207	Drilling, coring and assaying.	\$3,000,000
Geological and project management	\$278,514	Feasibility study and environmental and regulatory licensing work.	\$2,000,000
Engineering	\$Nil	Costs with respect to negotiations to engage a market partner	\$ 300,000
Drilling	\$1,389	Carrying costs to maintain properties in good standing	\$ 400,000
Seismic	\$nil		
Environmental	\$19,595	Any expenditure is dependent upon reaching agreements with strategic partners and completing one or more financings.	
<b>Total</b>	<b>\$ 626,705</b>		<b>\$5,700,000</b>

**Estimated Expenditures for the Vanguard Area Project**

VANGUARD AREA 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



**Gensource Potash Corporation**  
**Interim Management's Discussion and Analysis – Quarterly Highlights**  
**Three And Six Months Ended June 30, 2019**  
**Dated: August 29, 2019**



TOTAL INDIRECT COSTS		\$ 78,777,600	26%	\$ 60,598,154
DIRECT + INDIRECT COSTS		\$ 270,909,503	89%	\$ 208,391,925
980	Contingency	\$ 33,395,979	11%	\$ 25,689,215
GRAND TOTAL COST		\$ 304,305,482	100%	\$ 234,081,140

Updates on the Lazlo Project

No significant engineering or geological work was completed for the Lazlo project area during the six months ended June 30, 2019. However, the Company continues to work with its contacts to attract a market partner, which would allow development of the Lazlo Area.

Current and Future Plans Related to the Lazlo Project

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

Summary of Completed Activities (Six months Ended June 30, 2019)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Land acquisition and staking	\$5,816	Costs associated with maintaining existing lease agreements in good standing.  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 no budgeted expenditures are not included for the Lazlo Area.	\$25,000
Geological and project management	\$nil		
<b>Subtotals</b>	<b>\$5,816</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".



**Financial Performance**

Three months ended June 30, 2019 compared to three months ended June 30,2018

During the three months ended June 30, 2019, the Company had a net loss of \$273,805 with basic and diluted loss per share of \$0.00. This compares with a net loss of \$1,209,834 with basic and diluted loss per share of \$0.00 for the three months ended June 30, 2018. The decrease in the net loss of \$936,029 was principally because:

- ❖ Expenses during the three months ended June 30, 2019 were \$268,211 (three months ended June 30, 2018 - \$1,231,293), a decrease of \$963,082 is primarily because lower general and administrative expenses being \$886,784.
- ❖ During the three months ended June 30, 2019, the Company recorded interest income of \$1,104 (three months ended June 30, 2018– \$657), unrealized loss on investments of \$3,343(three months ended June 30, 2018 –\$72) as the company’s portfolio decreased in value and an accretion expenses of \$7,985 (three months ended June 30, 2018 - \$nil).
- ❖ During the three months ended June 30, 2019, overall general and administrative expenses were \$886,784 lower than the comparative period in 2018. The following is a breakdown of general and administrative expenses for the three months ended June 30, 2019 and 2018:

Three Months Ended June 30,	2019	2018	Change
	\$	\$	\$
Wages, benefits and incentive compensation	7,535	36,826	29,291
Sales and marketing <sup>(1)</sup>	59,887	262,076	202,189
Professional fees <sup>(2)</sup>	147,959	723,261	575,302
Office and general	58,200	138,202	80,002
Total general and administrative expenses	273,581	1,160,365	886,784

(1) Costs were lower during the three months ended June 30, 2019 as a result a decrease in marketing and promotion research as the Company progresses into the required due diligence efforts.

(2) Professional fees decreased due to management bonuses paid during Q2 2018 of \$557,000.

Assets

Assets were \$14,979,246 at June 30, 2019 (December 31, 2018 - \$15,231,367), a decrease of approximately 2%. Exploration and evaluation assets increased by approximately 5% from December 31, 2018. The total amount of exploration and evaluation assets represents approximately 97% of total assets (December 31, 2018 – 91% of total assets). Receivables decreased by approximately 60% from December 31, 2018. Further, the Company had a decrease in prepaid expenses and deposit of approximately 51% and an increase in property, plant and equipment of approximately 5%. At June 30, 2019, the Company had cash of \$190,263 (December 31, 2018 - \$975,158), with a decrease of \$784,895.

Liabilities

At June 30, 2019, liabilities were \$610,583 (December 31, 2018 - \$645,443). The variation is primarily because of the decrease in amounts payable and other liabilities and lease liability

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

### Shareholders' equity

At June 30, 2019, shareholders' equity decreased by \$216,966, which is primarily due to the increase in deficit of \$750,484 six months ended June 30, 2019. The decrease is primarily offset by the increase in share capital of \$434,605 as 2,741,748 options and 1,067,076 warrants were exercised.

As at June 30, 2019, the Company had 369,566,166 common shares issued and outstanding, 2,222,412 common share purchase warrants outstanding and 25,718,859 stock options outstanding, of which 22,718,859 were vested.

### Investment portfolio

The Company's investment consists primarily of a resource company whose principal business is exploration and development. During the six months ended June 30, 2019, there was no change in ownership of this investment but due to the fluctuation of the fair value of these investments, the Company reported an unrealized gain of \$478 (six months ended June 30, 2018– unrealized loss of \$75). At June 30, 2019, the market value of the Company's investment was \$3,248 (December 31, 2018 – \$2,771).

### **Cash Flow**

For the six months ended June 30, 2019, the Company decreased its cash position by \$784,895 as a result of cash used and provided in operating, investing and financing activities as follows:

Cash used in operations, including changes in non-cash working capital of \$63,953, totaled \$454,460 during the six months ended June 30, 2019. This was as a result of net loss of \$750,484 for the six months ended June 30, 2019, adjusted for non-cash transactions including mainly share-based payments of \$191,584, depreciation of \$29,144, and accretion expense on \$16,451.

Cash used in investing activities during the six months ended June 30, 2019 consisted of the acquisition and expenditure of exploration and evaluation assets of \$632,521, purchase of equipment of \$1,378 and repayment of right to use assets of \$38,470. The expenditure of exploration and evaluation assets cost and was mainly for geological and project management of \$278,514, property acquisition, mineral leases and surface access fees of \$333,023, environmental of \$19,595.

During the six months ended June 30, 2019, the Company received \$341,934 in cash proceeds from financing activities as 2,741,748 stock options were exercised for gross proceeds of \$274,175 and 1,067,076 warrants were exercised for a gross proceed of \$69,360. 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	June 30, 2019	December 31, 2018
Working capital (\$)	(268,761)	580,436
Consolidated working capital ratio (%)	49%	209%

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. The Company manages capital in proportion to risk and manages the capital structure based on economic conditions and business objectives.

### 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 and six months ended June 30, 2019, compensation, salaries and benefits of \$165,000 and \$330,000, respectively (three and six months ended June 30, 2018 - \$712,000 and \$892,000, respectively) were paid to a director and officers of the Company or related companies controlled by the director and officers of the Company. They were included in general and administrative expenses and exploration and evaluation assets.

	Three Months Ended June 30, 2019 (\$)	Three Months Ended June 30, 2018 (\$)	Six Months Ended June 30, 2019 (\$)	Six Months Ended June 30, 2018 (\$)
FCON Consulting <sup>(1)</sup>	75,000	335,000	150,000	425,000
Rob Theoret <sup>(2)</sup>	45,000	207,000	90,000	252,000
101188810 Saskatchewan Ltd. <sup>(3)</sup>	45,000	170,000	90,000	215,000
<b>Total</b>	<b>165,000</b>	<b>712,000</b>	<b>330,000</b>	<b>892,000</b>

(1) Controlled by Chief Executive Officer. For the three and six months ended June 30, 2019, 100% included in exploration and evaluation assets and 0% in general and administrative expenses (three and six months ended June 30, 2018 – 0% and 100%, respectively).

(2) Compensation to the Chief Financial Officer. For the three and six months ended June 30, 2019, 50% included in exploration and evaluation assets and 50% in general and administrative expenses (three and six months ended June 30, 2018 – 0% and 100%, respectively).

(3) VP, Corporate Services, included in general and administrative expenses.

b) During the three and six months ended June 30, 2019, share-based payments of \$211,552 were rewarded to directors and officers of the Company (three and six months ended June 30, 2018 - \$12,000 and \$365,874, respectively).

	<b>Three Months Ended June 30, 2019 (\$)</b>	<b>Three Months Ended June 30, 2018 (\$)</b>	<b>Six Months Ended June 30, 2019 (\$)</b>	<b>Six Months Ended June 30, 2018 (\$)</b>
Mark Stauffer	Nil	Nil		49,023
Dwayne Dahl	Nil	Nil		49,023
Michael Ferguson	Nil	Nil		59,734
T. Robert Theoret	Nil	Nil		59,734
Deborah Morsky	Nil	Nil		59,734
Paul Martin	Nil	Nil	55,000	38,313
Calvin Redlick	(46,552)	12,000	55,000	50,313
Mike Mueller	Nil	Nil	55,000	Nil
<b>Total</b>	<b>(46,552)</b>	<b>12,000</b>	<b>165,000</b>	<b>365,874</b>

c) To the knowledge of the directors and executive officers of the Company as of June 30, 2019, the common shares of the Company were widely held, which includes various small holdings which were owned by directors and officers of Gensource. These holdings can change at any time at the discretion of the owner.

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

### **Outlook**

For the immediate future, the Company intends to raise additional financing to continue with day-to-day operation, complete the current negotiations with various market partners, and complete 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 unaudited condensed interim 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, 2018, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Subsequent Events**

- Debt financing milestones
  - Letter of interest received from KfW IPEX-Bank of Germany
  - Letter of Interest received from EDC (Export Development Canada)
  - Proposals received from other global project finance banks.
  - Currently defining the details of the formal senior debt mandate letter.
- Equity group has been formed for the initial project, consisting of the following:
  - Gensource. Planned ownership of 42%
  - Off-taker for the project. Planned ownership of 25%
  - Third-party investor. Planned ownership of 33%.