Gensource
POTASH CORP

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2017

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 nine months ended September 30, 2017 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, 2016. 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, 2016, and 2015, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated 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 consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 29, 2017, unless otherwise indicated.

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.**

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 September 30, 2018.	The operating and exploration activities of the Company for the twelve-month period ending September 30, 2018, 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.
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 September 30, 2018 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; 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 complying with existing and proposed laws and regulations.	Financing will be available for Gensource's 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.	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.
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.	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 rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	The aggregate gross credit risk exposure related to cash at September 30, 2017, was $151,766 (December 31, 2016 – $1,957,093), 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, 390 Bay Street, Suite 806, Toronto, Ontario, M5H 2Y2.

Operational Highlights

Corporate

On January 20, 2017, the Company completed a non-brokered private placement financing consisting of the sale of 27,272,728 units at $0.11 per unit for aggregate gross proceeds of $3,000,000.

On February 21, 2017, the Company granted 5,300,000 stock options (including 4,500,000 stock options to directors and officers of the Company) at an exercise price of $0.13.

On February 21, 2017, the Company granted 750,000 stock options at an exercise price of $0.17 and are exercisable for a period of 5 years.

On April 3, 2017, the Company executed a shareholder agreement ("Shareholder Agreement") with Essel Group ME Limited ("EGME") to create a joint venture company, Vanguard Potash Corp. ("JV" or "Vanguard"), pursuant to the memorandum of understanding between the two parties announced on November 29, 2016.

Vanguard is a private corporation incorporated under the laws of Saskatchewan and headquartered in Saskatoon, SK. Vanguard's sole purpose is:

> (i) to finance, develop, engineer, construct and operate a mine and processing plant to produce potash from the Vanguard asset near Eyebrow and Tugaske in Saskatchewan; and
>
> (ii) to market and sell the potash product.

The key terms of the Shareholder Agreement are as follows:

> (a) EGME will contribute capital to Vanguard in two tranches:

(i) First tranche of $US 5M will be used to fund the feasibility study and will be provided following compliance with the required Canadian banking regulations and processes;

(ii) Second tranche of $US 200M, which represents the full estimated capital to construct and commissioning of the first facility of the Vanguard project;

(b) Gensource will assign a 49% interest in the KL 245 lease (the "Lease") to Vanguard;

(c) Gensource will assign the Mining Rights Agreement to Vanguard, allowing it to benefit from 100% of mining on the Lease;

(d) Gensource will assign the Technical Services and Technology Agreement to Vanguard, bringing Gensource's expertise and unique approach to potash mining and processing to the JV;

(e) Vanguard will become 49% owned by EGME and 51% owned by Gensource upon receipt of the first tranche of financing ($US 5M). Once construction financing is committed and delivered (estimated at $US 200M), Vanguard will become 70% owned by EGME and 30% by Gensource;

(f) Following the completion of Phase One of the Vanguard 1 Project (to produce 250,000 tonnes of potash per annum), both parties shall make all commercially reasonable efforts to undertake and complete one or more expansion phase necessary to increase production of potash to a minimum of 1M tonnes/per annum, the final production target; and

(g) The board of Vanguard will initially comprise of three nominees of EGME and two nominees of Gensource. A jointly appointed management team will lead the development of the new potash facility. Gensource will maintain control of Vanguard until construction financing has been committed

On April 24, 2017, the Company granted 3,000,000 stock options to consultants at an exercise price of $0.18 and are exercisable for a period of 5 years.

On May 10, 2017, the Company granted 2,000,000 stock options to a consultant, 500,000 at a price of $0.18 and 1,500,000 at a price of $0.14, and are exercisable for a period of 5 years.

On May 31, 2017, the Company completed tranche one of a brokered private placement financing consisting of the sale of 8,870,000 flow-through shares at $0.20 per flow-through share and 1,634,110 non-flow-through shares at a price of $0.18 for aggregate gross proceeds of $2,068,140.

On June 29, 2017, the Company completed tranche two of a brokered private placement financing consisting of the sale of 75,000 non-flow-through shares at $0.18 per unit for aggregate gross proceeds of $13,500.

During the nine months ended September 30, 2017, 9,144,738 warrants were exercised for gross proceeds of $1,357,984.

During the nine months ended September 30, 2017, 1,950,000 stock options were exercised for gross proceeds of $265,560.

Despite an extension of the deadline for the Initial Contribution and recent planning meetings for the JV, as of October 2, 2017, Vanguard has not received the Initial Contribution from EGME. On that basis, the Company considers the JV Shareholder Agreement null and void.

Exploration & Evaluation

Updates on the Vanguard One Project

- Gensource produced a National Instrument (NI) 43-101 Technical Report, summarizing the Feasibility Study for the Vanguard One Project, which was filed on July 14, 2017 on SEDAR. A news release was issued on July 18, 2017.
- In July, Gensource teamed up 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. The main aim for the project is for ADROK to deploy their ADR imaging technology (Atomic Dielectric Resonance) for 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.
- Gensource continues to advance the Environmental Approval process with the Government of Saskatchewan, collaborating with the Environmental Assessment and Stewardship Branch, answering questions and clarifications based on their review of the Technical Proposal submission. This is an ongoing process.
- 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.

<u>Current and Future Plans Related to the Vanguard One Project</u>

- The next steps for the Vanguard One project involve confirming the construction financing and then moving the project into the detailed engineering, long-lead procurement, and construction phase.
- Gensource is awaiting determination from the EA Branch as to whether or not the Vanguard One project is classified as a development. Not being classified as a development will facilitate a much more efficient permitting and licensing process for the Project.
- Concurrent to advancing the Vanguard One Project, Gensource is beginning planning and initial field work on resource confirmation work on its KL244 lease in the Vanguard Area. Expanding the definition of the resource in the Vanguard Area creates additional project opportunities for Gensource and potential market partners

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 (Nine months Ended September 30, 2017)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Property acquisition and surface access fees	$288,365	Drilling, coring and assaying.	$4,000,000 (1)
Geological and project management	$212,650	Feasibility study and environmental and regulatory licensing work.	$600,000 (1)
Engineering	$2,490,373	Costs with respect to negotiations to engage a market partner	$150,000
Drilling	$567,727	Any expenditure is dependent upon reaching agreements with strategic partners and completing one or more financings.	
Seismic	$905,720		
Environmental	$57,538		
Total	**$4,522,373**		**$ 4,750,000**

(1) At the date of this MD&A, the Company has decided, in the immediate term, to focus its resources on the Vanguard project - and therefore the budgeted expenditures, targeted towards the second lease (KL 244), at Vanguard.

Updates on the Lazlo Project

No significant engineering or geological work was completed for the Lazlo project area during the nine months ended September 30, 2017. However, the Company continues to work with its contacts in both India and Brazil to create a market partner in each of those countries. It is the creation of a market partner that triggers the development of a project to suit that market.

Current and Future Plans Related to the Lazlo 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.

Summary of Completed Activities (Nine Months Ended September 30, 2017)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Land acquisition and staking	$10,263	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.	$20,000
Geological and project management	$9,000		
Subtotals	**$19,263**		**$20,000**

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 September 30, 2017 compared to three months ended September 30, 2016

During the three months ended September 30, 2017, the Company had a consolidated net loss of $765,443 (three months ended September 30, 2016 – $702,619).

Consolidated expenses during the three months ended September 30, 2017 were $776,759 (three months ended September 30, 2016 - $716,247), an increase of $60,512 is primarily because of share-based payments of $278,584 incurred as a result of stock options granted.

During the three months ended September 30, 2017, the Company recorded interest income of $534 (three months ended September 30, 2016 – $608), unrealized gain on investments of $1,137 (three months ended September 30, 2016 – unrealized gain of $4,622) as the company's portfolio increased in value and a flow-through premium obligation discharged of $9,645 (three months ended September 30, 2016 - $8,398).

During the three months ended September 30, 2017, overall general and administrative expenses were $82,717 lower than the comparative period in 2016. The following is a breakdown of general and administrative expenses for the three months ended September 30, 2017 and 2016:

Three Months Ended September 30,	2017 $	2016 $	Change $
Wages, benefits and incentive compensation (1)	2,162	306,215	(304,053)
Sales and marketing (1)	213,120	60,256	152,864
Professional fees (1)	120,163	115,872	4,291
Office and general (1)	161,425	97,244	64,181
Total general and administrative expenses	496,870	579,587	(82,717)

(1) Costs were lower during the three months ended September 30, 2017 as a result a decrease in bonus payment and increase in marketing initiatives.

Consolidated assets

Consolidated assets were $12,010,377 at September 30, 2017 (December 31, 2016 - $9,152,695), an increase of approximately 31%. Exploration and evaluation assets increased by approximately 66% from December 31, 2016. The total amount of exploration and evaluation assets represents approximately 95% of total assets (December 31, 2016 – 75% of total assets). Receivables decreased by approximately 32% from December 31, 2016. Further, the Company had an increase in prepaid expenses and deposit of approximately 205% and a decrease in property, plant and equipment of approximately 19%. At September 30, 2017, the Company had cash of $151,766 (December 31, 2016 - $1,957,093), with a decrease of $1,805,327.

Consolidated liabilities

At September 30, 2017, consolidated liabilities were $790,326 (December 31, 2016 - $2,576,128). The variation is primarily because of the decrease in amounts payable and other liabilities.

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

Shareholders' equity

At September 30, 2017, shareholders' equity increased by $4,643,484, which is primarily due to private placements raising aggregate gross proceeds of $5,081,640 in share capital. The increase is primarily offset by the net loss of $2,036,898 for the nine months ended September 30, 2017.

As at September 30, 2017, the Company had 296,555,525 common shares issued and outstanding, 62,072,289 common share purchase warrants outstanding and 25,610,607 stock options outstanding, of which 15,910,607 were vested.

Investment portfolio

The Company's investments consist primarily of resource companies whose principal business is exploration and development. During the nine months ended September 30, 2017, 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 loss of $9 (nine months ended September 30, 2016 – unrealized gain of $5,101). At September 30, 2017, the market value of the Company's investments was $9,190 (December 31, 2016 – $9,199).

Cash Flow

For the nine months ended September 30, 2017, the Company decreased its cash position by $1,805,327 as a result of cash used and provided in operating and financing activities as follows:

Cash used in operations, including changes in non-cash working capital of $1,772,225, totaled $3,104,979 during the nine months ended September 30, 2017. This was as a result of net loss of $2,036,898 for the nine months ended September 30, 2017, adjusted for non-cash transactions including mainly share-based payments of $1,016,495 and flow-through premium obligation discharged of $316,274.

Cash used in investing activities during the nine months ended September 30, 2017 consisted of the acquisition and expenditure of exploration and evaluation assets of $4,541,636.

During the nine months ended September 30, 2017, the Company received $5,841,288 in cash proceeds from its financing activities.

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 consolidated working capital position:

As at	**September 30, 2017**	December 31, 2016
Consolidated working capital (deficiency) ($)	**(251,269)**	(357,040)
Consolidated working capital ratio (%)	**68%**	86%

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 nine months ended September 30, 2017, compensation, salaries and benefits of $180,000 and $540,000, respectively, (three and nine months ended September 30, 2016 - $420,000 and $600,000, 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 September 30, 2017 ($)	**Three Months Ended September 30, 2016 ($)**	**Nine Months Ended September 30, 2017 ($)**	**Nine Months Ended September 30, 2016 ($)**
FCON Consulting (1)(**)	90,000	160,000	270,000	250,000
Rob Theoret (2) (*)	45,000	130,000	135,000	175,000
101188810 Saskatchewan Ltd. (3)(*)	45,000	130,000	135,000	175,000
Total	**180,000**	**420,000**	**540,000**	**600,000**

(1) Controlled by Chief Executive Officer.

(2) Compensation to the Chief Financial Officer.

(3) VP, Corporate Services.

(*) Included in general and administrative expenses.

(**) 25% is included in exploration and evaluation assets and 75% is included in general and administrative expenses.

b) During the three and nine months ended September 30, 2017, share-based payments of $131,212 and $450,129, respectively, were rewarded to directors and officers of the Company (three and nine months ended September 30, 2016 - $75,000 and $210,111, respectively).

	Three Months Ended September 30, 2017 ($)	Three Months Ended September 30, 2016 ($)
Mark Stauffer	12,981	-
Dwayne Dahl	27,364	75,000
Michael Ferguson	25,962	-
T. Robert Theoret	25,962	-
Deborah Morsky	25,962	-
Paul Martin	12,981	-
Total	**131,212**	**-**

	Nine Months Ended September 30, 2017 ($)	Nine Months Ended September 30, 2016 ($)
Kerny Korchinski	-	40,500
Mark Stauffer	43,388	40,500
Dwayne Dahl	82,757	75,000
Michael Ferguson	93,532	4,537
T. Robert Theoret	93,532	4,537
Deborah Morsky	93,532	4,537
Paul Martin	43,388	40,500
Total	**450,129**	**210,111**

c) To the knowledge of the directors and executive officers of the Company as of September 30, 2017, 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 consolidated 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 consolidated financial statements; and (ii) the consolidated 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, 2016, available on SEDAR at www.sedar.com.

Subsequent Events

1. On October 2, 2017, the Company announced it considers the JV Shareholder Agreement with Essel Group ME Limited null and void. Despite an extension of the deadline for the Initial Contribution and recent planning meetings for the JV, as of October 2, 2017, Vanguard has not received the Initial Contribution resulting in the Company considering the JV Shareholder Agreement as null and void.

2. Subsequent to September 30, 2017, 1,520,285 warrants expired unexercised on November 6, 2017.

3. On November 14, 2017, the Company granted 1,000,000 stock options to a director at an exercise price of $0.08 and are exercisable for a period of 5 years.

4. Under the terms of the Company's Stock Option Plan, if the option expiry date falls within a black-out period, the expiry date will automatically be extended to the date which is the fifth business day after the end of black-out period. The options scheduled to expire on November 29, 2017, have not yet expired because there has been a black-out period in effect for the Company.

5. On November 29, 2017, the Company completed tranche one of the November 22, 2017 announced non-brokered private financing (the "Offering") of 23,076,924 Common shares of the Company at a price of $0.065 per common for a gross proceeds of to $1.5 million. The non-brokered private financing is subject to an over-allotment option, allowing the Company to issue an additional 3,461,538 common shares. Tranche one of the Offering consisted of the sale of 10,360,768 common shares of the Company for gross proceeds of $673,450. Tranche two of the Offering is expected to close on or before December 15th, 2017.

   Additionally, the Company paid commissions on the Offering to certain finders. The commissions paid to the finders consisted of a cash payments of $34,580 and the issuance to the finders of 532,000 agent's warrants, exercisable into Common Shares at $0.065 per agent's warrant for a period of 18 months following the Closing Date.