Gensource
POTASH CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 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 and nine months ended September 30, 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 and nine months ended September 30, 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 and nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 27, 2020 unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 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.**

Summary of Key Activities During the Quarter

The Tugaske Project ("Tugaske" or the "Project") maintained its pace, making steady progress through the project finance process.

On senior debt due diligence; all aspects of the due diligence work have been completed successfully:

- Engineering / Technical
- Environmental and Social

- Market analysis
- Insurance
- Legal
- Financial Modeling.

As previously reported, no concerns have been raised,

The focus now is on the ECA (Export Credit Agency) approval process. The German ECA, Euler Hermes ("EH"), relies on independent due diligence analysis, in this case provided by Pricewaterhouse Coopers (PWC) in Germany. The Company and its partners are working diligently to complete the EH process successfully, which should then trigger senior lenders' commitment letters for the debt facility.

Further, Gensource continues to ensure that the project is advancing by ensuring that critical up-front engineering and procurement work is completed in a timely fashion. To that end, the Company has kicked-off up-front engineering with its key process plant supplier, KKE, to allow them to advance the schedule for process equipment delivery.

Additionally, Gensource continues to engage with its local partners, Southeast Construction and Engcomp Engineering, to ensure project planning activities are progressing as needed to ensure an efficient project startup once financing is complete

Summary of Key Activities Since Quarter End **See news release dated 31 Aug 2020**

A news release dated 05Nov2020, announced that the Company had reached agreement with its partners on the equity structure (total amount of equity needed, individual investments and resulting percent ownership) of the future Special Purpose Vehicle ("SPV") which will own and operate the Tugaske Project. This represents a strong step towards completing the business negotiations that will see the partners proceed to execute the Project.

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	Potash price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility

Forward-looking statements	Assumptions	Risk factors
	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.	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, 2021.	The operating and exploration activities of the Company for the twelve-month period ending September 30, 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.
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, 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; 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	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

Forward-looking statements	Assumptions	Risk factors
	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.	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.
Sensitivity analysis of financial instruments.	The aggregate gross credit risk exposure related to cash at September 30, 2020, was $1,633,608 (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.

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.

On May 19, 2020, the Company announced that Société Générale was added to the senior bank consortium group.

Exploration & Evaluation

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

<u>Historical information on the development of the Vanguard Area:</u>

The following are key highlights, repeated from previous years' MD&A's starting in 2019, in chronological order, to provide background of the progress made by Gensource on its project developments.

In fall 2019, 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

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 the 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.

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

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

<u>Current and Future Plans Related to the Tugaske Project:</u>

- In Q3, SRK/ERCOSPLAN, the Independent Engineer (IE) for KfW IPEX-Bank, reviewed the Front-End Engineering Design (FEED) information produced by Gensource as part of their technical due diligence review. This review once again not only confirmed the technical and financial robustness of the Project, but also addressed several risks and potential areas of concern raised by the IE as part of their initial status report – stating that "*Gensource has developed a defendable capital and operating cost estimate along with a well thought out overarching IPD project management and execution systems. The overall economics of the Project have been found to be very robust even under extreme stress testing. Upside potential may exist considering some of the conservatism built into the Project's mining method and processing plant capacity. All remaining non-material risks can be mitigated through the implementation of accepted good engineering practices.*"
- Other due diligence reviews as part of the debt financing process, including environmental, insurance, and legal, were substantially completed in Q3, feeding into an independent audit for the

German Export Credit Agency ("ECA"), Euler-Hermes, being performed by PWC. The work of PWC will enable Euler-Hermes to present to its Inter-ministerial Committee ("IMC"). The IMC is the central decision-making body for the provision of export credit guarantees by the German federal government.

- As per the news release on July 20, 2020, Gensource kicked-off a consortium of 3 German-based design and fabrication companies, who are world-class in the process design and equipment supply for potash and salts. As per previous news releases, it has been indicated that the total senior debt financing for the project is expected to be supported by export insurance coverage from Euler-Hermes. To satisfy a significant portion of the German export requirement, Gensource has elected to work with: K-UTEC AG Salt Technologies ("K-Utec"), Koeppern GmbH & Co KG ("Koeppern"), and Ebner GmbH & Co KG ("Ebner"). Together, these 3 companies. This group (collectively referred to as "KKE"), have the capability and expertise to supply the entire main process plant in a single design-supply-commission package for the Project. In Q3, KKE initiated the engineering activities required to move forward to equipment fabrication and orders, aiming to bring this initial engineering phase to a completion before the end of the year.
- In August 2020, Gensource received approval its Development Permit Application for a potash mine from the Rural Municipality ("RM") of Huron No. 223, whose offices are in the Village of Tugaske, SK, with further details disclosed in a news release on August 31, 2020. This development permit opens the way to construct the Tugaske Project within the boundaries of the municipality.
- Further to the procurement requirements, as driven by the Euler-Hermes ECA process, Gensource engaged the German firm MAVEG Industrieausrüstungen GmbH ("Maveg") to act as a general procurement agent with respect to a significant package of equipment and services. Maveg has great experience in the procurement of industrial equipment and services for the mining and industrial processing industries globally and will work with Gensource to create cost-efficient and timely procurement packages that will fall under the ECA coverage.
- In Q3, Gensource continued to work with the core group of the integrated project team - Engcomp (Lead Engineering Consultant) and South East Construction (Construction General Contractor), to advance key work packages that allow an efficient ramp-up to full project execution, including construction, upon completion of the project financing efforts underway.

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.

Summary of Completed Activities (Nine months ended September 30, 2020)	**(A) Spent**		**Plans for the Project (Calendar Year 2020)**	**(B) Planned Expenditures**
Property acquisition and surface access fees	$ 349,735		Engineering and construction preparations	$2,000,000
Geological and project management	$ 592,215		Project Financing costs	$4,000,000
Engineering	$ 897,421			
Drilling	$ (7,452)		Carrying costs to maintain properties in good standing	$ 400,000
Seismic	$ nil			
Environmental	$ 22,347			
Project finance	$2,733,154			
Total	**$4,587,420**			**$6,400,000**

- Gensource will continue to advance the engineering, procurement, regulatory and permitting, and project management work that can be executed 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 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 work includes but is not limited to: process and utility design enhancements, detailed equipment specifications and sourcing, obtaining proposals for the cavern drilling, and preparation of key management plans for construction which support the permitting and licensing requirements for the Project.

The following table shows estimated Expenditures for the Tugaske Project, targeted to move into full execution in early 2021, taking approximately 2 years to complete construction and transition the Project to operations. This table is revised to reflect the revisions to the Project, as integrated during the FEED efforts in Q2:

TUGASKE PROJECT - CAPITAL COST ESTIMATE SUMMARY

WBS Area	Area Description	Grand Total Cost ($CAD)	Grand Total Cost ($USD)	% of Total
100	Mining	$ 30,760,003	$ 22,785,188	9%
200	Wellfield	$ 17,084,230	$ 12,654,985	5%
300	Process Plant	$ 98,044,129	$ 72,625,281	28%
400	Product Storage and Loadout	$ 15,893,291	$ 11,772,808	4%
500	Site Infrastructure	$ 23,737,903	$ 17,583,632	7%
600	Offsites	$ 7,879,549	$ 5,836,703	2%
700	Non-Process Facilities	$ 30,947,811	$ 22,924,304	9%
	TOTAL DIRECT COST	**$ 224,346,916**	**$ 166,182,901**	**63%**
900	Project Indirects	$ 97,187,061	$ 71,990,416	27%
	TOTAL INDIRECT COSTS	**$ 97,187,061**	**$ 71,990,416**	**27%**
	TOTAL DIRECT + INDIRECT COSTS	**$ 321,533,977**	**$ 238,173,316**	**91%**
980	Contingency	$ 32,153,398	$ 23,817,332	9%
	TOTAL PROVISIONAL COSTS	**$ 32,153,398**	**$ 23,817,332**	**9%**
	GRAND TOTAL COST	**$ 353,687,375**	**$ 261,990,648**	**100%**

Along with the debt financing package, equity partnership has been assembled with the Company's offtake partner, HELM AG (~25%), another financial investor (~25%) and the remaining cash equity contribution (~50%) is currently being sourced. Gensource is in direct and detailed discussions with several of the world's top private equity and mine finance groups to commit the required equity.

Current and Future Plans Related to the Lazlo Project:

No significant engineering or geological work was completed for the Lazlo project area during the nine months ended September 30, 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.

Summary of Completed Activities (Nine months ended September 30, 2020)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Land acquisition and staking Geological and project management	$5,117	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.	$10,000
Total	**$5,117**		**$10,000**

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".

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

<u>Three Months Ended September 30, 2020, Compared to Three Months Ended September 30, 2019</u>

During the three months ended September 30, 2020, the Company had a net income of $2,281,390 (three months ended September 30, 2019 – loss of ($261,180)), resulting in an increase of $2,542,570.

Expenses during the three months ended September 30, 2020 were ($2,284,530) (three months ended September 30, 2019 - $252,193), a decrease of $2,536,723, and is primarily due to general and administrative expenses of ($1,108,705) during the three months ended September 30, 2020 (three months ended September 30, 2019 – $224,083). Share-based payments was $9,090 during the three months ended September 30, 2020, compare to $13,512 for the three months ended September 30, 2019, due to options issued and vested during the three months ended September 30, 2020. The Company recorded exploration and evaluation expense of ($1,199,717) as the Company re-allocated direct costs to the Tugaske Project as part of the project cost.

During the three months ended September 30, 2020, the Company recorded interest income of $788, (three months ended September 30, 2019 – $nil), unrealized gain on investments of $765 (three months ended September 30, 2019 – unrealized loss $1,516) and accretion expense of $4,693 (three months ended September 30, 2019– $7,471).

During the three months ended September 30, 2020, overall general and administrative expenses were $1,332,788 lower than the comparative period in 2019. The following is a breakdown of general and administrative expenses for the three months ended September 30, 2020 and 2019:

Three Months Ended September 30,	**2020**	**2019**	**Change**
	$	**$**	**$**
Wages, benefits and incentive compensation (1)	34,074	6,002	(28,072)
Project finance costs(2)	(1,321,350)	Nil	1,321,350
Sales and marketing (3)	17,144	24,359	7,215
Professional fees (4)	(8,642)	95,616	104,258
Office and general (5)	170,099	98,106	(71,993)
Total general and administrative expenses	(1,108,705)	224,083	1,332,788

(1) Costs were higher due to increase in salaries expensed.
(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. Direct costs re-allocated to Tugaske Project as part of project cost.
(3) Costs were lower due to less travel related expenses.
(4) Costs were lower due to direct costs re-allocated to Tugaske Project as part of the project cost.
(5) Costs were higher due to foreign exchange and direct costs were re-allocated to Tugaske Project as part of the project cost.

<u>Nine Months Ended September 30, 2020, Compared to Nine Months Ended September 30, 2019</u>

During the nine months ended September 30, 2020, the Company had a net income of $364,994 (nine months ended September 30, 2019 – a loss of $1,011,664), resulting in an increase of $1,376,658.

Expenses during the nine months ended September 30, 2020 were ($366,951) (nine months ended September 30, 2019 - $995,266), a decrease of $1,362,217, and is primarily due to general and administrative expenses of $650,899 for the nine months ended September 30, 2020 compared to $746,428 for the nine months ended September 30, 2019. Share-based payments were $137,353 during the nine months ended September 30, 2020, compare to $205,096 for the nine months ended September

30, 2019, due to options vested during the nine months ended September 30, 2020. The Company recorded exploration and evaluation expense of ($1,199,717) as the Company re-allocated direct costs to the Tugaske Project as part of the project cost.

During the nine months ended September 30, 2020, the Company recorded interest income of $9,622, (nine months ended September 30, 2019 – $3,932), unrealized gain on investments of $4,586 (nine months ended September 30, 2019 – unrealized loss $1,038) and accretion expense of $16,165 (nine months ended September 30, 2019– $23,922).

During the nine months ended September 30, 2020, overall general and administrative expenses were $95,529 lower than the comparative period in 2019. The following is a breakdown of general and administrative expenses for the nine months ended September 30, 2020 and 2019:

Nine months Ended September 30,	**2020**	**2019**	**Change**
	$	**$**	**$**
Wages, benefits and incentive compensation (1)	102,522	24,484	(78,038)
Project finance costs(2)	Nil	Nil	Nil
Sales and marketing (3)	69,356	110,864	41,508
Professional fees (4)	296,844	317,908	21,064
Office and general (5)	182,177	293,172	110,995
Total general and administrative expenses	650,899	746,428	95,529

(1) Costs were higher due to increase in salaries expensed.
(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. Direct costs re-allocated to Tugaske Project as part of the project cost.
(3) Costs were lower due to less travel related expenses.
(4) Costs were lower during the nine months ended September 30, 2020 due to direct costs re-allocated to Tugaske Project as part of the project cost.
(5) Costs were lower during the nine months ended September 30, 2020 due to foreign exchange difference and due to direct costs re-allocated to Tugaske Project as part of the project cost.

<u>Assets</u>

Assets were $15,578,694 at September 30, 2020 (December 31, 2019 - $16,814,733), a decrease of approximately 7%, mainly due to decrease in cash. Exploration and evaluation assets increased by approximately 51% from December 31, 2019. The total amount of exploration and evaluation assets represents approximately 88% of total assets (December 31, 2019 – 54% of total assets) due to an increase in expenditure (project financing of $2,733,154, engineering of $897,421; property acquisition and surface access fees of $354,852; geological and project management of $592,215).

Receivables decreased by approximately 75% from December 31, 2019 due to a decrease in HST receivable. Further, the Company had an increase in prepaid expenses and deposit of approximately 1,567% due to a retainer paid for the independent engineering report for the Tugaske project and the Company had an increase in property, plant and equipment of approximately 45%. At September 30, 2020, the Company had cash of $1,633,608 (December 31, 2019 - $7,490,488), with a decrease of $5,856,880. The Company had Right-to-use assets of $58,130 (December 31, 2019 - $99,651).

Liabilities

At September 30, 2020, current liabilities were $300,767 (December 31, 2019 - $2,014,818). The variation is primarily due to a decrease in amounts payable and other liabilities.

At September 30, 2020, non-current liabilities were $5,293 (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 September 30, 2020, shareholders' equity increased by $529,347 which is primarily due to the decrease in deficit of $364,994 for the nine months ended September 30, 2020.

As at September 30, 2020, the Company had 383,232,935 common shares issued and outstanding and 32,100,000 stock options outstanding, of which 29,525,000 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, 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 $4,586 (nine months ended September 30, 2019 – unrealized loss of $1,038). At September 30, 2020, the market value of the Company's investments was $6,879 (December 31, 2019 – $2,293)

Cash Flow

For the nine months ended September 30, 2020, the Company decreased its cash position by $5,856,880 as a result of cash used in operating, and investing as follows:

Cash used in operations, including changes in non-cash working capital of $1,784,302, totaled $1,225,862 during the nine months ended September 30, 2020. This was as a result of net income of $364,994 for the nine months ended September 30, 2020, adjusted for non-cash transactions including mainly share-based payments of $137,353, depreciation $44,514 and accretion expense $16,165. For the nine months ended September 30, 2019, cash used in operations, including changes in non-cash working capital of $236,284, totaled $506,212. This was as a result of net loss of $1,011,664 for the nine months ended September 30, 2019, adjusted for non-cash transactions including mainly share-based payments of $205,096, depreciation of $43,742, and accretion expense on $23,922.

Cash used in investing activities during the nine months ended September 30, 2020 totaled $4,658,018, which consisted of the acquisition and expenditure of exploration and evaluation assets of $4,592,537. The Company also repaid $57,705 of leases on right-to-use assets and purchase equipment of $7,776. The expenditure of exploration and evaluation assets cost and was mainly for project financing of $2,733,154, engineering of $897,421; property acquisition and surface access fees of $354,852; geological and project management of $592,215. For the nine months ended September 30, 2019, cash used in investing activities during the nine months ended September 30, 2019 consisted of the acquisition and expenditure of exploration and evaluation assets of $726,727, purchase of equipment of $1,378 and repayment of right to use assets of $57,705. The expenditure of exploration and evaluation assets cost and was mainly for geological and project management of $336,673, property acquisition and surface access fees of $339,070, and environmental of $19,595.

Cash from financing activities during the nine months ended September 30, 2020 totaled $27,000, due to the exercise of options. During the nine months ended September 30, 2019, the Company received $397,334 in cash proceeds from financing activities due to options and warrants exercised of $274,175 and $69,360, respectively, and cash proceeds for shares to be issued of $55,400. 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	**September 30, 2020**	December 31, 2019
Working capital ($)	**1,534,595**	5,616,968
Working capital ratio (%)	**6.1:1**	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	**September 30, 2020($)**	December 31, 2019 ($)	Change ($)
Cash	**1,633,608**	7,490,488	(5,856,880)
Prepaids and deposits	**168,961**	10,134	158,827
Receivables	**32,793**	131,164	(98,371)
Investments	**6,879**	2,293	4,586

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, 2020, compensation of $90,000 and $270,000, respectively, (three and nine months ended September 30, 2019 - $165,000 and $495,000, respectively) 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 September 30, 2020 ($)	Three months ended September 30, 2019 ($)	Nine months ended September 30, 2020 ($)	Nine months ended September 30, 2019 ($)
FCON Consulting (1)	Nil	75,000	Nil	225,000
Rob Theoret (2)	45,000	45,000	135,000	135,000
101188810 Saskatchewan Ltd. (3)	45,000	45,000	135,000	135,000
Total	**90,000**	**165,000**	**270,000**	**495,000**

(1) Controlled by Chief Executive Officer. For the nine months ended September 30, 2019 – 50% is included in exploration and evaluation and 50% general and administrative expenses).

(2) Compensation to the Chief Financial Officer. 71% is included in exploration and evaluation and 29% in general and administrative expenses (nine months ended September 30, 2019 – 50% and 50%, respectively).

(3) Controlled by VP, Corporate Services. 25% is included in exploration and evaluation and 75% in general and administrative expenses (nine months ended September 30, 2019 – 100% 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 September 30,		Three months Ended September 30,		Three months Ended September 30,	
	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	Nil	Nil	Nil
Calvin Redlick, Director	Nil	Nil	Nil	Nil	Nil	Nil
Mike Mueller, Director	Nil	Nil	Nil	Nil	Nil	Nil
Amy O'Shea, Director	Nil	Nil	Nil	Nil	Nil	Nil
T. Robert Theoret, Officer	Nil	Nil	Nil	Nil	Nil	Nil
Deborah Morsky, Officer	Nil	Nil	Nil	Nil	Nil	Nil
Total	**75,000**	**Nil**	**Nil**	**Nil**	**75,000**	**Nil**

	Salaries and director fees		Share based payments		Total	
	Nine months Ended September 30,		Nine months Ended September 30,		Nine months Ended September 30,	
	2020 ($)	2019 ($)	2020 ($)	2019 ($)	2020 ($)	2019 ($)
Michael Ferguson, Director and Officer	225,000	Nil	Nil	Nil	225,000	Nil
Paul Martin, Director	Nil	Nil	Nil	55,000	Nil	55,000
Calvin Redlick, Director	Nil	Nil	Nil	55,000	Nil	55,000
Mike Mueller, Director	Nil	Nil	Nil	55,000	Nil	55,000
Amy O'Shea, Director	Nil	Nil	67,800	Nil	67,800	Nil
T. Robert Theoret, Officer	Nil	Nil	Nil	Nil	Nil	Nil
Deborah Morsky, Officer	Nil	Nil	Nil	Nil	Nil	Nil
Total	**225,000**	**Nil**	**67,800**	**165,000**	**292,800**	**165,000**

b) To the knowledge of the directors and executive officers of the Company as of September 30, 2020, the common shares of the Company were widely held, which includes various small holdings which were owned by directors and officers of Gensource. These holdings can change at any time at the discretion of the owner.

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

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 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, 2019, available on SEDAR at 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 November 30, 2020, the Company announced it has negotiated the fundamental shareholding structure with the project off-taker and equity investor, Helm AG, and another financial investor for the Tugaske Project Special Purpose Vehicle ("SPV"). Under the shareholding structure, Gensource will own 49.98% of the SPV while HELM and the other investor will each own 25.01%. The Company's ownership interest comprises two components: a USD $30 million "paid-in capital" amount (representing the value of the project that will be vended into the SPV plus the project financing costs expended), and; a cash investment. In addition to being a shareholder of the SPV, HELM is also the offtake partner of the Tugaske Project and committed to purchasing 100% of the production.

2. On November 26, 2020 the Company announced that, in alignment with its partner and Tugaske Project off-taker, Helm AG, it made the decision to replace the "financial investor" as identified in the Tugaske Project SPV (Special Purpose Vehicle). In previous news releases, Gensource had identified a financial investor in the structure diagrams for the project SPV. The SPV structure is not changing, only the specific group identified as the financial investor. The replacement is expected to originate from a group of parties that have already expressed interest in the project. This group includes both pure financial investors and groups with sector-specific experience. Sector-specific experience would, of course, add value to the SPV in addition to the pure financial investment.