Gensource POTASH CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

DECEMBER 31, 2017

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Gensource Potash Corporation (the "Company" or "Gensource") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2017. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2017 and December 31, 2016, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of March 12, 2018, unless otherwise indicated.

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, 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 December 31, 2018.	The operating and exploration activities of the Company for the twelve-month period ending December 31, 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 December 31, 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.	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 December 31, 2017, was $ 464,905 (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 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 is based in Saskatoon, Saskatchewan, and is focused on potash development. Its registered head office is located at Peterson & Company, 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 and are exercisable for a period of 5 years

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

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

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.

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

On November 29, 2017, the Company completed tranche one of a non-brokered private financing by issuing 10,360,768 common shares at a price of $0.065 per share for aggregate gross proceeds of $673,450

On December 15, 2017, the Company completed tranche two of a non-brokered private financing by issuing 14,345,383 common shares at a price of $0.065 per share for aggregate gross proceeds of $932,450

During the twelve months ended December 31, 2017, 9,144,738 warrants were exercised for gross proceeds of $975,716.

During the twelve months ended December 31, 2017, 1,950,000 stock options were exercised for gross proceeds of $265,560.

Exploration & Evaluation

The Vanguard Area is located in central Saskatchewan and comprises two mineral leases that have been acquired from Yancoal Canada Resources ("YCR").

An updated Nl 43-101 Technical Report was issued on February 17, 2017. The Technical Report defined a resource in the Vanguard area of almost 145 million tonnes of final, salable potash product in the Indicated category and over 320 million tonnes of final, salable potash product in the Inferred category.

Starting in February 2017, Gensource initiated a field groundwater investigation program with Golder Associates Ltd., which included installation and testing of a full- scale production water well with two observation wells. The goal of the program was to evaluate the presence and adequacy (quality and quantity) of potential groundwater sources for the project. Data collected fed into the Feasibility Study, as well as Golder's Technical Proposal for submission to the Environmental Assessment and Stewardship Branch.

Also beginning in February 2017, Gensource initiated a 3D seismic program led by RPS Energy Canada Ltd., which covered approximately 34 square kilometers (13 square miles) of the KL245 lease area. The 3D seismic area was selected to be as focused as possible to define the resource to the extent necessary while being large enough to provide many options in terms of the selection of the initial well field area.

On April 6, 2016, the Company announced that it has entered into a definitive Asset Purchase Agreement ("APA") which included an off-take term sheet ("Term Sheet") for the sale of potash. Collectively, these transactions offer the Company the opportunity to advance its business plan of becoming a future potash producer in Saskatchewan. The agreement is between the Company and YCR.

APA closed and all conditions have been met. The APA defined the terms for the purchase by the Company of two potash exploration permits ("Permit" or "Permits") conditional upon their conversion into mineral production leases ("Lease" or "Leases"). It also contained a Term Sheet that defined key terms for the future sale of potash product from the proposed facility. Key terms of the transaction included a purchase price of $2,480,000 (paid in full in July 2016), payable as two installments: (i) $1,240,000 in cash at closing within 30 days of the effective date of the APA; and, (ii) a convertible debenture to YCR in the principal amount of $1,240,000 that is due on the later of 90 days of the effective date of the APA and the close of the transaction, paid by cash or convertible to shares in the Company if sufficient funds are not raised. The shares would have been issued at an exercise price equal to the 20 day VWAP prior to the maturity date. The Company has paid the full $2,480,000 purchase price as well as approximately $300,000 for the Lease conversion costs, and the debenture was cancelled.

On April 21, 2017, the Company announced that the offtake agreement with Yancoal Canada Resources was terminated.

The exploration activities discussed above, along with ongoing engineering, enabled Gensource to complete the Feasibility Study for the Vanguard One project in the spring of 2017. Gensource issued a News Release on May 31, 2017, announcing the results of the Feasibility Study. The Study confirms the technical and economic viability of the project, even in this time of low potash prices. Gensource is extremely pleased with the results of the Study, and continues to affirm it has selected the right approach to potash production. Highlights from the Study can be found in the news release on the company's website. Subsequent to the completion of the Feasibility Study, Gensource produced a Nl 43-101 Technical Report, summarizing the Feasibility Study for the Vanguard One Project, for filing on SEDAR.

The service providers engaged to support the above exploration services included:

- Geology: Terra Modelling Services
- Geophysics/Seismic: RPS
- Exploration Drilling: Artisan Consulting
- Environmental: Golder
- Ground water: Golder
- Laboratory Testing/Analysis: SRC

- 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 it's 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

Exploration activities, for advancing Gensource's Vanguard One project, and for further definition of Gensource's Vanguard Area, continued on through the remainder of 2017, and will remain a focus for the company in 2018 - as the company continues its efforts to develop and construct the first small-scale, sustainable, and environmentally friendly selective solution mining potash project in Saskatchewan.

Current and Future Plans Related to the Vanguard Project

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 (Year Ended December 31, 2017)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Property acquisition and surface access fees	$288,365	Drilling, coring and assaying.	$2,000,000 [1]
Geological and project management	$236,613	Feasibility study and environmental and regulatory licensing work.	$500,000
Engineering	$2,463,515	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 more financing.	
Seismic	$905,720		
Environmental	$57,587		
Total	**$4,519,527**		**$2,650,000**

[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 are included here.

The Lazlo Project

No significant engineering or geological work was completed for the Lazlo project area during the twelve months ended December 31, 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 (Year Ended December 31, 2017)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Land acquisition and staking	$ 14,797	At the date of this MD&A, it is more likely, in the immediate term, for the Company to pursue the Vanguard project and therefore the budgeted expenditures are not included here.	$25,000
Geological and project management	$ 9,000		
Total	**$23,797**		**$25,000**

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".

Results of Operations

Year Ended December 31, 2017, Compared to Year Ended December 31, 2016

During the year ended December 31, 2017, the Company had a consolidated net loss of $3,164,368, (year ended December 31, 2016 – net loss of $2,951,483), resulting in an increase of $212,885.

Consolidated expenses during the year ended December 31, 2017, were $3,486,458 (year ended December 31, 2016 - $3,600,887), a decrease of $114,429. The decrease was primarily because a write-off of exploration and evaluation expense of $nil during the year ended December 31, 2017 (year ended December 31, 2016 - $1,710,753). However, share-based payments during the year ended December 31, 2017, was $1,513,529 (year ended December 31, 2016 – $303,292) representing the fair value of vesting options. During the year ended December 31, 2017, interest income was $4,142 (year ended December 31, 2016 – $5,878). During the year ended December 31, 2017, unrealized gain on investments was $621 (year ended December 31, 2016 – $5,091) which represented the movement in fair market value of investments during the year. During the year ended December 31, 2017, the Company discharged flow through premium obligations of $317,327 (year ended December 31, 2016 - $638,435).

During the year ended December 31, 2017, overall general and administrative expenses were $502,114 higher than the comparative period in 2016. The following is a breakdown of general and administrative expenses for the years ended December 31, 2017 and 2016:

Year Ended December 31,	**2017** **$**	**2016** **$**	**Change** **$**
Wages, benefits and incentive compensation (1)	61,723	338,022	(276,299)
Sales and marketing (2)	649,454	266,788	382,666
Professional fees (3)	558,142	452,202	105,940
Office and general (4)	698,391	408,584	289,807
Total general and administrative expenses	1,967,710	1,465,596	502,114

(1) Costs were lower during the year ended December 31, 2017 as a result of a decrease in bonus payment.

(2) Costs were higher during the year ended December 31, 2017 as a result of the Company's effort to attract investors.

(3) Costs were higher during the year ended December 31, 2017 as a result of increase in consulting and legal fees spent on project.
(4) Costs were higher during the year ended December 31, 2017 as a result of an increase in activities.

Three Months Ended December 31, 2017, Compared to Three Months Ended December 31, 2016

During the three months ended December 31, 2017, the Company had a consolidated net loss of $1,127,470 (three months ended December 31, 2016 – $1,434,635), resulting in a decrease of $307,165.

Consolidated expenses during the three months ended December 31, 2017 were $1,129,153 (three months ended December 31, 2016 - $2,061,191), a decrease of $932,038 is primarily because of a write-off of exploration and evaluation expense of $1,710,753 during the three months ended December 31, 2016.

During the three months ended December 31, 2017, the Company recorded interest income of $nil (three months ended December 31, 2016 – $3,789), unrealized gain on investments of $630 (three months ended December 31, 2016– loss on investments of $10) and a flow-through premium obligation discharged of $1,053 (three months ended December 31, 2016 - $622,777).

During the three months ended December 31, 2017, overall general and administrative expenses were $315,477 higher than the comparative period in 2016. The following is a breakdown of general and administrative expenses for the three months ended December 31, 2017 and 2016:

Three Months Ended December 31,	**2017**	**2016**	**Change**
	$	**$**	**$**
Wages, benefits and incentive compensation (1)	6,673	17,832	(11,159)
Sales and marketing (2)	232,025	78,798	153,227
Professional fees (1)	115,510	130,594	(15,084)
Office and general (3)	276,606	88,113	188,493
Total general and administrative expenses	630,814	315,337	315,477

(1) Costs were lower during the three months ended December 31, 2017 as a result of increased corporate activities.
(2) Costs were higher during the three months ended December 31, 2017 as a result of the Company's effort to attract investors.
(3) Costs were higher during the three months ended December 31, 2017 as a result higher contractor services.

Consolidated assets

Consolidated assets were $12,319,964 at December 31, 2017 (December 31, 2016 - $9,152,695), an increase of approximately 35%. Exploration and evaluation assets increased by approximately 66% from December 31, 2016. The total amount of exploration and evaluation assets represents approximately 93% of total assets (December 31, 2016 – 75% of total assets). Receivables increased by approximately 16% from December 31, 2016. Further, the Company had an increase in prepaid expenses and deposit of approximately 105% and a decrease in property, plant and equipment of approximately 26%. At December 31, 2017, the Company had cash of $464,905 (December 31, 2016 - $1,957,093), with a decrease of $1,492,188.

Consolidated liabilities

At December 31, 2017, consolidated liabilities were $208,554 (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 attempt to secure additional financing to facilitate the execution of its business plan.

Shareholders' equity

At December 31, 2017, shareholders' equity increased by $5,534,843, which is primarily due to private placements raising gross proceeds of $6,687,540 in share capital. The increase is primarily offset by the net loss of $3,164,368 for the year ended December 31, 2017.

As at December 31, 2017, the Company had 321,261,676 common shares issued and outstanding, 51,507,555 common share purchase warrants outstanding and 26,410,607 stock options outstanding, of which 16,785,607 were vested.

Investment portfolio

The Company's investments consist primarily of resource companies whose principal business is exploration and development. During the year ended December 31, 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 gain of $621 (year ended December 31, 2016 – unrealized gain of $5,091). At December 31, 2017, the market value of the Company's investments was $9,820 (December 31, 2016 – $9,199).

Cash Flow

For the year ended December 31, 2017, the Company decreased its cash position by $1,492,188 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 ($2,348,379), totaled $4,311,947 during the year ended December 31, 2017. This was as a result of net loss of $3,164,368 for the year ended December 31, 2017, adjusted for non-cash transactions including mainly share-based payments of $1,513,529, flow-through premium obligation discharged of $317,327 and unrealized gain on FVTPL investments of $621.

Cash used in investing activities during the year ended December 31, 2017 totaled $4,543,324, which consisted of the acquisition and expenditure of exploration and evaluation assets.

During the year ended December 31, 2017, the Company received $7,363,084 in cash proceeds from its financing activities.

Selected Annual Information

The following table sets out selected financial information for the Company as at December 31, 2017, 2016 and 2015 and for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 and should be read in conjunction with the Company's audited consolidated financial statements attached hereto:

Description	Year Ended December 31, 2017 ($)	Year Ended December 31, 2016 ($)	Year Ended December 31, 2015 ($)
Net sales/total revenues	nil	nil	nil
Total net (loss) earnings (1)(2)	(3,164,468)	(2,951,483))	(1,072,156)
Net (loss) earnings per common share (3)(4)	(0.01)	(0.01)	(0.01)
Net (loss) earnings per common share on a diluted basis (3)(4)	(0.01)	(0.02)	(0.01)
	As at December 31, 2017 ($)	**As at December 31, 2016 ($)**	**As at December 31, 2015 ($)**
Total assets	12,319,964	9,152,695	4,618,622
Current liabilities	208,554	2,576,128	191,110
Deficit	(19,315,087)	(16,150,719)	(13,199,236)

(1) Loss / earnings from continuing operations attributable to owners of the parent, in total;
(2) Loss / earnings attributable to owners of the parent, in total;
(3) Loss / earnings attributable to owners of the parent, on a per-share and diluted per-share basis; and declared per-share for each class of share; and
(4) Loss from continuing operations attributable to owners of the parent, on a per-share and diluted per share basis.

- The net loss for the year ended December 31, 2017, consisted primarily of (i) general and administrative of $1,967,710 (ii) share-based payments of $1,513,529; (iii) depreciation expense of $5,219; and (iv) offset by flow-through premium obligation discharge of $317,327.
- The net loss for the year ended December 31, 2016, consisted primarily of (i) general and administrative of $1,465,596; (ii) share-based payments of $303,292; and (iii) unrealized gain on FVTPL investments of $5,091.
- The net loss for the year ended December 31, 2015, consisted primarily of (i) general and administrative of $822,971; (ii) share-based payments of $246,069; iii) depreciation expense of $6,148. This was offset by unrealized gain on FVTPL investments of $1,959.
- As the Company has no revenue, its ability to fund its operations is dependent upon securing financing. See "Trends" and "Risks factors".

Selected Quarterly Information

The following table summarizes Gensource's key consolidated financial information for the last eight quarters.

Three Months Ended	Total Revenue ($)	Profit or Loss: Total ($)	Profit or Loss: Basic and Diluted Loss Per Share [9] ($)	Total Assets ($)
2017-December 31	-	(1,127,470) [1]	(0.01)	12,319,964
2017-September 30	-	(765,443) [2]	(0.00)	12,010,377
2017-June 30	-	(867,244) [3]	(0.00)	11,924,369
2017-March 31	-	(404,211) [4]	(0.00)	11,281,736
2016-December 31	-	(1,434,635) [5]	(0.01)	9,152,695
2016-September 30	-	(702,619) [6]	(0.00)	8,861,872
2016-June 30	-	(488,193) [7]	(0.00)	6,389,018
2016-March 31	-	(326,036) [8]	(0.00)	4,277,305

Notes:

(1) Net loss of $1,127,470 principally relates to general and administrative expenses of $630,814, share-based payments of $497,034 and offset in part by $1,053 of flow-through premium discharged during the period as the Company met the expenditure requirement. All other expenses related to general working capital purposes.

(2) Net loss of $765,443 principally relates to general and administrative expenses of $496,870, share-based payments of $278,584 and offset in part by $9,645 of flow-through premium discharged during the period as the Company met the expenditure requirement. All other expenses related to general working capital purposes.

(3) Net loss of $867,244 principally relates to general and administrative expenses of $430,496 and share-based payments of $436,125. All other expenses related to general working capital purposes.

(4) Net loss of $404,211 principally relates to general and administrative expenses of $409,530, share-based payments of $301,786 and offset in part by $306,629 of flow-through premium discharged during the period as the Company met the expenditure requirement. All other expenses related to general working capital purposes.

(5) Net loss of $1,434,635 principally relates to write-off of exploration and evaluation expense of $1,710,753, general and administrative expenses of $315,337, share-based payments of $32,031 and offset in part by $622,777 of flow-through premium discharged during the period as the Company met the expenditure requirement. All other expenses related to general working capital purposes.

(6) Net loss of $702,619 principally relates to general and administrative expenses of $579,587, share-based payments of $135,243 and offset in part by $8,398 of flow-through premium discharged during the period as the Company met the expenditure requirement. All other expenses related to general working capital purposes.

(7) Net loss of $488,193 principally relates to general and administrative expenses of $354,163, share-based payments of $136,018 and offset in part by $3,789 of flow-through premium discharged during the period as the Company met the expenditure requirement. All other expenses related to general working capital purposes.

(8) Net loss of $326,036 principally relates to general and administrative expenses of $216,509, reassessed goods and service tax of $114,199. All other expenses related to general working capital purposes.
(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amount.

Factors, such as global market conditions and the general economic environment that have caused variations in the results of the Company over the last eight quarters are discussed below in the "Liquidity and Capital Resources" section.

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	**December 31, 2017**	December 31, 2016
Consolidated working capital (deficiency) ($)	**639,077**	(357,040)
Consolidated working capital ratio (%)	**4.1:1**	0.8:1

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	**December 31, 2017 ($)**	December 31, 2016 ($)	Change ($)
Cash	**464,905**	1,957,093	(1,492,188)
Receivables	**201,602**	173,821	27,781
Investments	**9,820**	9,199	621

The Company monitors these items to assess its ability to fulfill its ongoing financial obligations.

The Company relies on equity financings to maintain adequate liquidity to support its ongoing working capital commitments.

The final 2017 budget will be allocated as follows (see "Caution Regarding Forward-looking Statements"):

Expenditures	Funds Required
General & administrative budget [(1)]	$2,200,000
Project Development [(2)]	$2,650,000
Carrying costs to maintain properties in good standing	$320,000
Miscellaneous	$100,000
Total Expenditures	**$5,270,000**

(1) Salaries and Benefits - $300,000; Contract Services - $850,000; Legal and Audit Services - $220,000; Transfer Agent & Regulatory Fees - $80,000; and Office and Operating Costs - $750,000.
(2) Drilling, coring and assaying - $2,000,000; Geology and engineering – $500,000; Costs associated with negotiations with market partner- $150,000

Given that Gensource is still in the exploration phase and the Company has not earned any revenue since its inception other than the sale from select portfolio investments, and while the Company intends to spend the funds available to it as stated, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

The Company should have sufficient funds to meet its 2018 budget (see Subsequent Event) although its future plans and budgets may be subject to a cash injection. The Company will need to raise additional funding in order to continue operations at the current level for the twelve-month period ending December 31, 2018, after the deferral of certain accounts payable to the extent practical. However, to meet long-term business plans, exploring the Gensource potash assets and developing resource opportunities are an important component of the Company's financial success.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. However, the Company continues to evaluate properties and corporate opportunities to advance its exploration and development 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 year ended December 31, 2017, compensation, salaries and benefits of $720,000, (year ended December 31, 2016 - $780,000) 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.

	Year Ended December 31, 2017 ($)	Year Ended December 31, 2016 ($)
FCON Consulting (1)(**)	360,000	340,000
Rob Theoret (2) (*)	180,000	220,000
101188810 Saskatchewan Ltd. (3)(*)	180,000	220,000
Total	**720,000**	**780,000**

(1) Controlled by Chief Executive Officer.

(2) Compensation to the Chief Financial Officer.

(3) Controlled by VP, Corporate Services.

(*) Included in general and administrative expenses.

(**) 19% is included in exploration and evaluation assets for 2017 and 50% included in exploration and evaluation asset for 2016.

During the year ended December 31, 2017, share-based payments of $808,821 were rewarded to a director and officers of the Company (year ended December 31, 2016 - $230,807).

	Year Ended December 31, 2017 ($)	Year Ended December 31, 2016 ($)
Kerny Korchinski	-	28,295
Michael Ferguson	160,108	40,833
Paul Martin	76,676	28,295
Mark Stauffer	76,676	28,295
Dwayne Dahl	116,045	23,425
Calvin Redlick	59,100	
T. Robert Theoret	160,108	40,833
Deborah Morsky	160,108	40,833
Total	**808,821**	**230,809**

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

Recent Accounting Pronouncements

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on January 1, 2018. The Company has determined the impact of adoption will have an insignificant affect.

IFRS 16 - Leases ("IFRS 16"). In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

Capital Management

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

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

At December 31, 2017, the Company's capital structure consists of the equity of the Company. The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

As at	December 31, 2017 ($)	**December 31, 2016 ($)**	Change ($)
Cash	464,905	**1,957,093**	(1,492,188)
Receivables	201,602	**173,821**	27,781
Investments	9,820	**9,199**	621
Shareholders' equity	12,111,410	**6,576,567**	5,534,843

The Company monitors these items to assess its ability to fulfill its ongoing financial obligations. Gensource relies on cash flow generated from operations, ongoing cost cutting measures and additional financing, if required, to maintain adequate liquidity to support its ongoing working capital commitments. As a result of economic conditions and market uncertainty, Gensource may: streamline operational costs; preserve cash to the extent possible; and adjust its strategy with respect to the disposition of securities to create additional liquidity for opportunities that may become available and to fund working capital. The Company will require a cash injection from either debt, funds from a new partner or from a private placement.

Financial Instruments and Risk Management

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

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

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

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

Credit risk
Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations; the Company's maximum exposure to credit loss is the book value of its financial instruments. The Company is not exposed to any significant credit risk as at December 31, 2017. The Company's cash is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of commodity taxes receivables, and are therefore not subject to significant credit risk.

As at December 31, 2017, the aggregate gross credit risk exposure related to cash was $464,905 (2016 – $1,957,093), and was entirely comprised of cash held with financial institutions with an "AA" credit rating or above and securities brokerage firms. As at December 31, 2017, the aggregate gross credit risk exposure related to receivables was $201,602 (2016 – $173,821) and was primarily comprised of commodity taxes receivables and undeposited funds.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are due within one year. The Company manages liquidity risk through the management of its capital structure. As at December 31, 2017, the Company had a total of $464,905 in cash and $9,820 in investments.

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

Currency risk
Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company believes it is not significantly exposed to foreign exchange risk at this time as its business activities are denominated in Canadian currency. The Company may, however, be exposed to foreign exchange fluctuations, which could have a

significant adverse effect on its consolidated results of operations from time to time, should the Company enter into foreign currency denominated transactions.

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

Fair values

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

Fair value hierarchy and liquidity risk disclosure

Cash and investments	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
As at December 31, 2016	1,966,292	nil	nil	1,966,292
As at December 31, 2017	474,725	nil	nil	474,725

Share Capital

The Company is authorized to issue an unlimited number of common shares. At December 31, 2017, the Company has the following shares, warrants and options issued and outstanding:

	December 31, 2017	**December 31, 2016**
Common shares outstanding	321,261,676	247,608,949
Warrants	51,507,555	55,969,467
Options	26,410,607	16,510,607
Fully diluted	**399,179,838**	**320,089,023**

At the date of this MD&A, the Company has the following shares, warrants and options issued and outstanding:

Common shares outstanding	321,261,676
Warrants	51,507,555
Options	30,410,607
Fully diluted	**403,179,838**

Risk Factors

Gensource's financial condition, results of operations and business are subject to certain risks which may negatively affect the Company. Certain of these risks are described below. Additional risks not currently known to the Company, or that the Company currently believes to be immaterial, may also affect and have a negative impact on the business.

Commodity Price Fluctuations
The Company does not have any potash mining operations. The profitability of any such operations in which the Company has, or may have an interest, will be significantly affected by changes in the market prices of potash. Prices for potash fluctuate, and have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of potash, foreign currency exchange rates, international investments, monetary systems and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values.

Operating Hazards and Risks
Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions can occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Exploration and Development
Development of the Company's properties will only follow upon obtaining continuing satisfactory exploration results and being able to obtain sufficient financing to continue the development and eventual commercial production of potash. Mineral exploration and development are speculative in nature and involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any additional discoveries of reserves of potash or that the current reserves or resources will be developed to production or be commercially viable. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish resources and reserves through drilling and development and for mining and processing facilities and infrastructure. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for minerals, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

Calculation of Reserves and Resources and Potash Recoveries
There is a degree of uncertainty attributable to the calculation of reserves and resources and the corresponding grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and grades must be considered as estimates only.

Reclamation
There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the project to cover potential risks. These additional costs may have a material adverse impact on the financial condition and results of the Company.

Government Regulation
Operations, development and exploration on the Company's properties are affected to varying degrees by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, limitations on assignability or corporate ownership of mineral properties, and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

The activities of the Company require licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses, and permits to enable it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects or to sell its projects or the Company itself.

Indigenous Peoples
Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of Indigenous peoples. The Company operates in some areas presently or previously inhabited or used by Indigenous peoples. Many of these materials impose obligations on government to respect the rights of Indigenous people. Some mandate that government consult with Indigenous people regarding government actions which may affect Indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to Indigenous people continue to evolve and be defined. The Company's current and future operations are subject to a risk that one or more groups of Indigenous people may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by Indigenous people to the Company's operations may require modification of or preclude operation or development of the Company's projects or may require the Company to enter into agreements with Indigenous people with respect to the Company's projects.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the leases or claims in which it holds direct or indirect interests. The precise area and location of such leases or claims may be in doubt. The Company's leases or claims may be subject to prior unregistered agreements or transfers or native or indigenous land claims and title may be affected by unidentified or unknown defects.

Uncertainty of Funding

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flows will be generated in the near future. The Company has limited financial resources, and the mineral claims in which the Company has an interest, or an option to acquire an interest, require significant financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company to maintain these interests or, as applicable, to exercise its option to acquire those interests once those options have been exercised.

Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing, or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Potential Conflicts of Interest

Certain directors and officers of the Company also serve as directors and officers of other public and private companies, such as Gensource. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving these other companies will be made in accordance with applicable laws and the duties and obligations to deal fairly and in good faith with the Company and these other companies. In addition, such directors must declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

The Company has not entered into non-competition and non-disclosure agreements with management and has no current plans to do so. The Company may hire consultants and other geologists and technical expertise but there is no guarantee that the Company will be able to retain personnel with sufficient technical expertise to carry out future development of its properties.

Share Prices of Investments

Gensource's investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the shares is sustainable. The trading prices of the shares could be subject to wide fluctuations in response to various factors beyond the control of Gensource, including: quarterly variations in the investee companies' results of operations; changes in earnings, if any; estimates or commentaries provided by research analysts; conditions in the emerging resource exploration mining sector; and general market or economic conditions. In recent years, equity markets have experienced extreme price and trading volume fluctuations. These fluctuations have had a substantial effect on market prices, sometimes unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments, which would have a significant negative impact on the Company's operating results.

Concentration of Investments

Gensource's investments are concentrated in the emerging resource mineral mining sector. The Company expects to focus on a smaller number of larger sized transactions and therefore performance may be disproportionately subject to adverse developments in the resource sector. There are currently no restrictions on the proportion or the amount of Gensource's funds that may be allocated to any particular investment. Accordingly, the Company's investment activities may be highly concentrated in a limited number of investments, or a particular segment within the mineral resource sector. The consequence of this type of concentration is that the Company's financial results may be substantially adversely affected by the unfavourable performance of any one of the limited number of investments or the particular segment within the mineral mining sector.

Thinly Traded Securities

Gensource has in the past invested in common shares of publicly traded companies and holds common share purchase warrants in public companies that are characterized by thin, and sometimes uneven, trading volumes and are potentially subject to highly volatile price movements. One of the factors used when determining the valuation of warrants held in the Company's investment portfolio is price volatility; therefore, the theoretical valuation of warrants for thinly traded companies may be understated or overstated as a result.

Private Company Investments and Illiquid Securities

Gensource, from time to time, holds investments in private companies. As there may not be an active market for such securities, Gensource's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments may be restricted. Investments in private companies may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for private company investments that may be held by Gensource or that Gensource will otherwise be able to realize a return on such investments. Gensource also invests in illiquid securities of public companies. The Company is exposed to the risk of increased losses or smaller gains as a result of the time between when the decision is made to sell such an investment and the monetization of such investment.

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.

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 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:

iii) 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

iv) 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.

Subsequent Events

1. On February 2, 2018, the Company granted an aggregate of 4,000,000 stock options of which 3,500,000 were granted to certain directors and officers of the Corporation, at an exercise price of $0.09 with an expiration date of February 2, 2023. These options vest immediately

2. On February 26, 2018 Mark Stauffer resigned as director of the Corporation.