



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2022  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of Gensource Potash Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

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# Gensource Potash Corporation

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at September 30, 2022	As at December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 209,536	\$ 1,712,079
Prepaid expenses and deposits	1,282,363	304,628
GST/HST and other receivables	334,331	143,433
Investments	6,879	11,273
<b>Total current assets</b>	<b>1,833,109</b>	<b>2,171,413</b>
<b>Non-current assets</b>		
Deferred financing costs	1,245,759	935,120
Exploration and evaluation assets (notes 3 and 14)	3,955,724	3,680,903
Property, plant and equipment (notes 3 and 4)	17,948,041	12,825,445
Right-of-use assets (note 5)	92,307	127,960
<b>Total non-current assets</b>	<b>23,241,831</b>	<b>17,569,428</b>
<b>Total assets</b>	<b>\$ 25,074,940</b>	<b>\$ 19,740,841</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities	\$ 4,307,064	\$ 278,590
Promissory note from related party (note 7)	250,000	-
Short-term portion of lease liability (note 6)	47,494	40,181
Convertible debt (notes 8 and 14)	2,050,054	-
<b>Total current liabilities</b>	<b>6,654,612</b>	<b>318,771</b>
<b>Non-current liabilities</b>		
Lease liability (note 6)	59,035	95,080
Convertible debt (notes 8 and 14)	-	1,937,036
Helm credit facility (note 9)	3,043,322	1,005,000
<b>Total liabilities</b>	<b>9,756,969</b>	<b>3,355,887</b>
<b>Shareholders' equity</b>		
Share capital (note 10)	42,120,370	40,993,968
Contributed surplus (note 11)	5,828,718	6,387,449
Equity portion of convertible debt	72,526	72,526
Deficit	(32,703,643)	(31,068,989)
<b>Total shareholders' equity</b>	<b>15,317,971</b>	<b>16,384,954</b>
<b>Total shareholders' equity and liabilities</b>	<b>\$ 25,074,940</b>	<b>\$ 19,740,841</b>

Nature of operations and going concern (note 1)  
Commitments and Contingencies (notes 6 and 17)  
Subsequent events (note 18)

Approved by the Board of Directors:

"Michael Ferguson" (signed) Director  
Michael Ferguson, Director

"Michael Mueller" (signed) Director  
Michael Mueller, Director

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

# Gensource Potash Corporation

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Expenses</b>				
General and administrative (notes 13 and 14)	\$ 204,476	\$ 1,033,154	\$ 1,569,367	\$ 2,390,115
Share-based payments (note 11)	10,728	1,066,900	30,761	1,593,400
Depreciation (notes 4 and 5)	13,197	12,953	39,590	42,118
Other exploration and evaluation	-	(5,190)	-	1,646
	<b>228,401</b>	<b>2,107,817</b>	<b>1,639,718</b>	<b>4,027,279</b>
<b>Income (loss) before under noted items</b>	<b>(228,401)</b>	<b>(2,107,817)</b>	<b>(1,639,718)</b>	<b>(4,027,279)</b>
Interest income	709	1,359	1,236	4,650
Unrealized (loss) gain on FVTPL investments	(5,158)	(382)	(4,394)	4,013
Gain on modification of lease liability (note 6)	-	-	-	5,211
Accretion expense (notes 6 and 8)	(44,850)	(8,209)	(132,580)	(15,543)
Foreign exchange gain	112,118	(4,905)	179,124	18,075
Interest on credit facility	(15,651)	-	(38,322)	-
<b>Loss and comprehensive loss</b>	<b>\$ (181,233)</b>	<b>\$ (2,119,954)</b>	<b>\$ (1,634,654)</b>	<b>\$ (4,010,873)</b>
Basic and diluted loss per share (note 12)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 12)	<b>424,395,995</b>	<b>417,471,580</b>	<b>422,319,262</b>	<b>410,462,562</b>

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

# Gensource Potash Corporation

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

Nine Months Ended  
September 30,  
2022                      2021

### Operating activities

Net loss	\$ (1,634,654)	\$ (4,010,873)
Adjustments for:		
Depreciation	39,590	42,118
Share-based payments	30,761	1,593,400
Accretion expense	132,580	15,543
Unrealized gain on FVTPL investments	4,394	(4,013)
Interest on credit facility	38,322	(5,211)
	<u>(1,389,007)</u>	<u>(2,369,036)</u>

Changes in non-cash working capital	2,859,839	(197,660)
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<b>Net cash used in operating activities</b>	<b>1,470,832</b>	<b>(2,566,696)</b>
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### Investing activities

Expenditure on property in development stage	(5,124,763)	-
Purchase of property, plant and equipment	(1,770)	(1,810)
Acquisition and expenditures on exploration and evaluation assets	(274,819)	(2,079,279)

<b>Net cash used in investing activities</b>	<b>(5,401,352)</b>	<b>(2,081,089)</b>
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### Financing activities

Cash proceeds from promissory note	250,000	-
Cash proceeds from Helm credit facility	2,000,000	-
Cash proceeds from issuance of shares	-	5,225,782
Cost of issuance	-	(289,477)
Cash proceeds from exercise of stock options	536,910	342,000
Deferred financing costs	(310,639)	(459,999)
Repayment of lease on right-of-use asset	(48,294)	(57,704)

<b>Net cash provided by financing activities</b>	<b>2,427,977</b>	<b>4,760,602</b>
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<b>Net change in cash</b>	<b>(1,502,543)</b>	<b>112,817</b>
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<b>Cash, beginning of period</b>	<b>1,712,079</b>	<b>748,946</b>
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<b>Cash, end of period</b>	<b>\$ 209,536</b>	<b>\$ 861,763</b>
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The notes to the condensed interim consolidated financial statements are an integral part of these statements.

## Gensource Potash Corporation

### Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Issued shares	Share capital	Contributed surplus	Convertible debentures	Deficit	Total
<b>Balance, December 31, 2020</b>	<b>384,232,935</b>	<b>\$ 34,707,530</b>	<b>\$ 5,464,065</b>	<b>\$ -</b>	<b>\$(26,190,769)</b>	<b>\$ 13,980,826</b>
Issuance of shares (note 10(b))	29,032,123	5,225,782	-	-	-	5,225,782
Issuance cost - cash	-	(289,457)	-	-	-	(289,457)
Share-based payments (note 11)	-	-	1,593,400	-	-	1,593,400
Issuance of shares from exercise of options	4,800,000	697,400	(355,400)	-	-	342,000
Loss and comprehensive loss for the period	-	-	-	-	(4,010,873)	(4,010,873)
<b>Balance, September 30, 2021</b>	<b>418,065,058</b>	<b>\$ 40,341,255</b>	<b>\$ 6,702,065</b>	<b>\$ -</b>	<b>\$(30,201,642)</b>	<b>\$ 16,841,678</b>
<b>Balance, December 31, 2021</b>	<b>420,488,995</b>	<b>\$ 40,993,968</b>	<b>\$ 6,387,449</b>	<b>\$ 72,526</b>	<b>\$(31,068,989)</b>	<b>\$ 16,384,954</b>
Share-based payments (note 11)	-	-	30,761	-	-	30,761
Issuance of shares from exercise of options	3,907,000	1,126,402	(589,492)	-	-	536,910
Loss and comprehensive loss for the period	-	-	-	-	(1,634,654)	(1,634,654)
<b>Balance, September 30, 2022</b>	<b>424,395,995</b>	<b>\$ 42,120,370</b>	<b>\$ 5,828,718</b>	<b>\$ 72,526</b>	<b>\$(32,703,643)</b>	<b>\$ 15,317,971</b>

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations and going concern

Gensource Potash Corporation (the "Company" or "Gensource") is based in Saskatoon, Saskatchewan and is focused on developing resource opportunities with a specific focus on potash development. Its registered head office is located at #1100-201-1<sup>st</sup> Avenue South, Saskatoon, SK., S7K 1J5.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss for the nine months ended September 30, 2022 of \$1,634,654 (nine months ended September 30, 2021 - net loss of \$4,010,873) and had an accumulated deficit in the amount of \$32,703,643 at September 30, 2022 (December 31, 2021 - \$31,068,989). These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company is in the exploration and development stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration and development. As is common with many exploration companies, it raises financing for its exploration and development activities. As at September 30, 2022, the Company had working capital deficiency of \$4,821,503 (December 31, 2021 - working capital of \$1,852,642).

The Company's ability to continue operations, as intended, is dependent on its ability to continue to raise adequate financing in order to sustain ongoing expenditures and to explore and evaluate resource properties. The Company has taken additional steps to preserve cash. However, there can be no assurance that the Company will be able to obtain sufficient financing to continue its operations or to recover its exploration and evaluation assets. Accordingly, there exists a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not reflect any adjustments or other changes that may be required should the Company be unable to continue as a going concern. Such adjustments and changes could be material.

### 2. Summary of significant accounting policies

#### Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS's issued and outstanding as of November 25, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited annual financial statements as at and for the year ended December 31, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

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# Gensource Potash Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2022 and 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 2. Summary of significant accounting policies (continued)

### Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

### Basis of consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company together with its subsidiary. All intercompany transactions and balances have been eliminated. The financial statements of Gensource and its subsidiary KClean Potash Corporation are from the date that control commences until the date that control ceases. A change in the ownership of its subsidiary, without a loss of control, is accounted for as an equity transaction.

### New accounting standard adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

#### IAS 16 – Property, Plant and Equipment (“IAS 16”)

IAS 16 was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022. Adoption of the amendment did not have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

### Recent accounting pronouncement

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

#### IAS 1 – Presentation of Financial Statements (“IAS 1”)

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023. The Company will adopt these amendments as of their effective date, and is currently assessing the impacts on adoption.

#### Amendments to IAS 8 – accounting policies, changes in accounting estimates and errors

The amendments to IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendments effective for annual periods beginning on or after January 1, 2023, with early application permitted. No significant impact to the Company's financial statements is expected

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Exploration and evaluation assets

#### The Lazlo Project

In January 2013, the Company began the process of acquiring freehold potash leases from private mineral titleholders in area surrounding the town of Craik in central Saskatchewan (the “Lazlo” potash prospect). The Company currently has signed 14 lease agreements covering 6,162.56 acres of freehold subsurface mineral rights in the vicinity of the town of Craik, Saskatchewan. Each of the freehold potash leases grants to the Company the exclusive rights to explore, prospect and remove subsurface minerals for a term of twenty-one years subject to the Crown Royalty rate on potash sold and a \$1.00 per acre annual rental.

#### The Vanguard Area Project

The Vanguard Area is located in central Saskatchewan and comprises two mineral leases that have been acquired from Yancoal Canada Resources (“YCR”) and Potash Permit, SMP200, acquired through a Government of Saskatchewan public offering of subsurface Mineral Crown Dispositions S010.

On May 18, 2018, the Company entered into a definitive, binding off-take agreement (“Agreement” or “Off-take”) with a senior North American agriculture industry leader (the “Off-taker”). The Agreement incorporates the essential elements which are:

- ◆ Purchase of 100% of the production from one “module” of 250,000 tonne/year capacity,
- ◆ A preliminary marketing plan that facilitates Gensource’s goal of creating a direct link between a potash producing facility in Saskatchewan and the end user,
- ◆ 10-year term with an option to renew for the life of the project,
- ◆ Right of first refusal for the Off-taker to purchase any additional product that may be produced at the project either through de-bottlenecking or expansion of the productive capacity of the facility,
- ◆ Right of first refusal to purchase the project should Gensource elect to sell any portion of it.

In August 2018, the Company received a determination of “not a development” from the Saskatchewan Ministry of Environment, Environmental Assessment and Stewardship Branch. This allows the Vanguard project to proceed to the detailed construction licensing/permitting process having achieved environmental approval.

On May 2, 2019, the Company entered into non-binding Memoranda of Understanding (MOU) to form a joint venture company (“**JVCo**”) to develop the Tugaske Project, “formerly known as Maverick” ( the “**Project**”) within the Vanguard Area (see “The Tugaske Project” below).

On December 21, 2021, the Company acquired an additional potash permit area, SMP200, through a Government of Saskatchewan public offering of subsurface Mineral Crown Dispositions S010. SMP200 which abuts existing Company leases, is approximately 7,180 hectares and represents a direct addition to mineral leases KL244 and KL245 in the Company’s Vanguard Area.



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# Gensource Potash Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2022 and 2021  
(Expressed in Canadian Dollars)  
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## 3. Exploration and evaluation assets (continued)

### The Tugaske Project

On May 2, 2019, the Company entered into non-binding Memoranda of Understanding (MOU) to form a joint venture company (“**JVCo**”) to develop the Tugaske Project, “formerly known as Maverick” ( the “**Project**”) within the Vanguard Area. The following agreements have been signed for Tugaske Project:

- ◆ **Offtake Agreement:** A non-binding MOU for offtake has been completed with a large and well-respected international fertilizer manufacturing and distribution company. Offtake MOU terms include:
  - Obligation to purchase 100% of the production from one module of 250,000 metric tonnes per year,
  - Typical take or pay offtake provisions,
  - 10-year duration, with option to renew,
  - Product sale and title transfer at the mine site (FCA mine site), and
  - Market-based pricing formula.
- ◆ **Offtaker Project Equity Investment:** A non-binding MOU by the offtaker for direct equity investment into JVCo, alongside Gensource and one other third-party investor. The equity investment will be in the form of cash and equal to 25+% of JVCo ownership.
- ◆ **Third Party Project Equity Investment:** A non-binding MOU for the largest equity investment of approximately 33% from a third-party investor.

During 2019, the Company closed a royalty sale (“Royalty”) on the Tugaske Project to be developed within Gensource’s Vanguard Area (comprising mineral leases KL244 and KL245). The Company sold two royalties totaling the 2% of gross revenues on the Tugaske Project for US\$6,000,000 (\$7,918,800) and the two purchasers were the Project’s off-taker and a strategic third party investor. The royalty proceeds were applied against the carrying value of the Project.

On October 18, 2019, the Company formally mandated KfW IPEX-Bank GmbH (“KfW IPEX-Bank”) to act as Lead Arranger for the senior debt component (“Debt Facility” or “Facility”) for the Tugaske Project finance package. The Agreement indicates that: (a) KfW IPEX-Bank will be the Lead Arranger to arrange the Debt Facility for the Tugaske Project; (b) A total Debt Facility of approximately US\$180 million is agreed; (c) A significant portion of the Facility is to have Export Credit Agency (ECA) coverage to reduce lender risks and the Project’s interest costs; ECA due diligence will also be overseen and managed by KfW IPEX-Bank; (d) KfW IPEX-Bank will complete its due diligence work, including the in-depth review of technical, environmental, social, market and financial aspects of the project; (e) KfW IPEX-Bank will manage syndication of the Debt Facility and plans to support the Project with a significant take and hold commitment.

On May 19, 2020, the Company announced that Societe Generale was added to the senior bank consortium group. During the years ended December 31, 2020 and 2021, the Company engaged a consortium of world-class potash process design and equipment fabrication companies that will work together to provide a design-supply-commission package for the entire process plant at the Tugaske Project.

On November 4, 2020, the Company announced it has negotiated the fundamental shareholding structure with the project off-taker and equity investor, Helm AG (“Helm”), and another financial investor for the Tugaske Project Special Purpose Vehicle (“SPV”).

On November 26, 2020, the Company announced that, in alignment with its partner and Tugaske Project off-taker, Helm AG, it has made the decision to replace the “financial investor” as identified in the Tugaske Project SPV.

# Gensource Potash Corporation

Notes to Condensed Interim Consolidated Financial Statements  
 Three and Nine Months Ended September 30, 2022 and 2021  
 (Expressed in Canadian Dollars)  
 (Unaudited)

## 3. Exploration and evaluation assets (continued)

### The Tugaske Project (continued)

On August 20, 2021, the Company formed a Special Purpose Vehicle ("SPV"), which will finance, own, construct and operate the Tugaske Project. The SPV is called KClean Potash Corporation ("KClean") and will be owned by Gensource and Helm and its North American subsidiary, HELM Fertilizer Corp. following final equity investments. As a part owner of the SPV and as Project offtaker, HELM has committed to invest \$50 million into the 250 kt/a Tugaske potash production Project, contingent upon the remaining equity and debt financing for the SPV being successfully completed and HELM's Board Approval. The investment commitment represents an increase over previously discussed amounts and will occur at financial close. With HELM's increased cash equity commitment as well as other tangible contributions it is making to support the overall financing of the Project, it is anticipated HELM will ultimately own 33% of KClean and Gensource is anticipated to own the remaining 67% through its paid-in capital (i.e., the value of Tugaske Project assets assigned to KClean) and cash equity investments.

On August 27, 2021, KClean entered into an unsecured loan agreement with Helm (the "Helm credit facility") for expenses in connection with the Tugaske Project development. The Helm credit facility bears interest at a rate of 2.5% per annum, payable in arrears on the maturity date, which will be August 31, 2024 (note 9).

On September 23, 2021, the Company received commitment letters from its two mandated joint lead debt arrangers, KfW IPEX-Bank and Societe Generale (together, the "Mandated Lead Arrangers"), to provide a senior secured debt facility for a total of up to \$280 million. See note 17.

On June 21, 2022, the Company announced that HELM and Gensource plan to double the overall potash production capacity of the Tugaske Project, from 250,000 tonnes per year to 500,000 tonnes per year, under a second phase of the Tugaske Project ("**Phase 2**") by adding a second module to the Tugaske Project. It is expected that Phase 2 will be implemented immediately following the completion of the first phase of the Tugaske Project ("**Phase 1**"). HELM has also committed to guarantee a \$12,500,000 contingency account for the Tugaske Project, as is required by the bank syndicate of KfW IPEX-Bank and Société Générale in connection with the Company's anticipated and previously announced debt financing.

Cost	Lazlo <sup>(1)</sup>	Vanguard Area <sup>(2)</sup>	Tugaske	Total
<b>Balance, December 31, 2020</b>	<b>\$ 841,623</b>	<b>\$ 2,473,819</b>	<b>\$ 9,973,738</b>	<b>\$ 13,289,180</b>
Additions:				
Property acquisition and surface access fees	6,725	357,735	235,215	599,675
Geological and project management	-	-	912,896	912,896
Engineering	-	-	450,299	450,299
Drilling	-	-	23,511	23,511
Environmental	-	1,001	6,066	7,067
Technical reports/feasibility analysis	-	-	1,206,135	1,206,135
Transfer to property, plant and equipment under construction <sup>(3)</sup>	-	-	(12,807,860)	(12,807,860)
<b>Balance, December 31, 2021</b>	<b>\$ 848,348</b>	<b>\$ 2,832,555</b>	<b>\$ -</b>	<b>\$ 3,680,903</b>
Additions:				
Property acquisition and surface access fees	6,277	258,059	-	264,336
Geological and project management	-	3,523	-	3,523
Environmental	-	6,962	-	6,962
<b>Balance, September 30, 2022</b>	<b>\$ 854,625</b>	<b>\$ 3,101,099</b>	<b>\$ -</b>	<b>\$ 3,955,724</b>

1) Lazlo costs includes geological and freehold mineral lease costs.

2) Vanguard Area costs includes government mining leases and freehold mineral lease cost of the remaining Vanguard Area.

3) The Company's Tugaske Project entered into mine development effective October 2021 when the technical and commercial feasibility of the mine was met. As a result, all costs that were capitalized to the Tugaske Project have been transferred to property, plant and equipment under construction amounting to \$12,807,860.

# Gensource Potash Corporation

Notes to Condensed Interim Consolidated Financial Statements  
 Three and Nine Months Ended September 30, 2022 and 2021  
 (Expressed in Canadian Dollars)  
 (Unaudited)

## 4. Property, plant and equipment

### Cost

	Office equipment \$	Leasehold improvements \$	Development costs not subject to depreciation \$	Total \$
<b>Balance, December 31, 2020</b>	220,363	95,853	-	316,216
Additions	7,378	-	-	7,378
Transfer from exploration and evaluation assets (note 3)	-	-	12,807,860	12,807,860
<b>Balance, December 31, 2021</b>	227,741	95,853	12,807,860	13,131,454
Additions	1,770	-	5,124,763	5,126,533
<b>Balance, September 30, 2022</b>	229,511	95,853	17,932,623	18,257,987

### Accumulated depreciation

	Office equipment \$	Leasehold improvements \$	Development costs not subject to depreciation \$	Total \$
<b>Balance, December 31, 2020</b>	205,813	95,853	-	301,666
Depreciation for the year	4,343	-	-	4,343
<b>Balance, December 31, 2021</b>	210,156	95,853	-	306,009
Depreciation for the period	3,937	-	-	3,937
<b>Balance, September 30, 2022</b>	214,093	95,853	-	309,946

### Carrying amount

	Office equipment \$	Leasehold improvements \$	Development costs not subject to depreciation \$	Total \$
<b>At December 31, 2021</b>	17,585	-	12,807,860	12,825,445
<b>At September 30, 2022</b>	15,418	-	17,932,623	17,948,041

# Gensource Potash Corporation

Notes to Condensed Interim Consolidated Financial Statements  
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## 5. Right-of-use assets

	Property	Equipment	Total
<b>Balance, December 31, 2020</b>	\$ 40,139	\$ 4,150	\$ 44,289
Additions	152,308	-	152,308
Depreciation	(48,954)	(1,844)	(50,798)
Modification to lease terms	(17,839)	-	(17,839)
<b>Balance, December 31, 2021</b>	\$ 125,654	\$ 2,306	\$ 127,960
Depreciation	(34,269)	(1,384)	(35,653)
<b>Balance, September 30, 2022</b>	\$ 91,385	\$ 922	\$ 92,307

During the year ended December 31, 2021, the Company extended its current lease for 3 years from September 30, 2021 to September 30, 2024. Subsequently, the Right-of-use asset and lease liability was treated as a modification under IFRS 16 and a new Right-of-use asset and lease liability was recognized for the new remaining period. The weighted average incremental borrowing rate applied to the lease liability was 10%.

## 6. Lease liabilities

	Property	Equipment	Total
<b>Balance, December 31, 2020</b>	\$ 49,776	\$ 6,852	\$ 56,628
Additions	152,308	-	152,308
Interest expense	20,589	2,589	23,178
Modification to lease term	(23,051)	-	(23,051)
Lease payments	(69,013)	(4,789)	(73,802)
<b>Balance, December 31, 2021</b>	\$ 130,609	\$ 4,652	\$ 135,261
Interest expense	18,430	1,132	19,562
Lease payments	(44,702)	(3,592)	(48,294)
<b>Balance, September 30, 2022</b>	\$ 104,337	\$ 2,192	\$ 106,529

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Property	\$ 45,302	\$ 59,035	\$ -	\$ -	\$ 104,337
Equipment	2,192	-	-	-	2,192
<b>Total</b>	\$ 47,494	\$ 59,035	\$ -	\$ -	\$ 106,529

## 7. Promissory note from related party

On May 31, 2022, the Company received a promissory note from a related party in the amount of \$250,000. The promissory note bear interest at a rate of 0% per annum and matures on July 1, 2023. The Company is entitled to prepay the whole or any part of the indebtedness evidenced by this note at any time and from time to time without notice, bonus or penalty of any kind whatsoever.

# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Expressed in Canadian Dollars) (Unaudited)

### 8. Convertible debt

On October 19, 2021, the Company completed a non-brokered private placement offering of \$2,000,000 principal amount of 5% convertible redeemable unsecured debentures of the Company ("Debentures") at a price of \$1,000 per Debenture. The Debentures bear interest at a rate of 5% per annum from the date of issue, payable in arrears on the maturity date of the Debentures, which will be June 30, 2023 (the "Maturity Date"). The principal amount of each Debenture is convertible, in whole or in part, for no additional consideration, into common shares of the Company ("Common Shares") at the option of the holder at any time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the Debentures, at a conversion price equal to \$0.34 per Common Share. All directors and officers of the Company participated in the Offering, purchasing a total of \$1,985,000 principal amount of the Debentures. The Company incurred transaction cash costs of \$19,587.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 7.3%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the convertible debentures comprise the value of the conversion option, being the difference between the face value of the convertible debentures and the liability element calculated above. Based on this calculation, the initial recognition of the liability component was \$1,907,887 net of transaction costs and the residual equity component was \$72,526.

The following table summarizes the debt component of the debenture.

	<b>Total</b>
Issuance of debenture	\$ 2,000,000
Less transaction cost	(19,587)
Less equity component	(72,526)
Accretion expense	29,149
<b>As at December 31, 2021</b>	<b>1,937,036</b>
Accretion expense	113,018
<b>Balance, September 30, 2022</b>	<b>\$ 2,050,054</b>

### 9. Helm credit facility

On August 27, 2021, KClean entered into an unsecured loan agreement with Helm (the "Helm credit facility") for development costs in connection with the Tugaske Project. The Helm credit facility bear interest at a rate of 2.5% per annum, payable in arrears on the maturity date, which will be August 31, 2024. For the year ended December 31, 2021, KClean Potash received a \$1,000,000 draw against the unsecured \$5,000,000 HELM credit facility and for the nine months ended September 30, 2022 KClean Potash received an additional \$2,000,000.

The Helm credit facility is summarized as follows:

	<b>As at September 30, 2022</b>	<b>As at December 31, 2021</b>
Balance at beginning of period	\$ 1,005,000	\$ -
Draw against credit facility	2,000,000	1,000,000
Accrued interest	38,322	5,000
<b>Balance at end of period</b>	<b>\$ 3,043,322</b>	<b>\$ 1,005,000</b>

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Expressed in Canadian Dollars) (Unaudited)

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### 10. Share capital

#### a) Authorized share capital

The Company is authorized to issue an unlimited number of voting and participating common shares. The common shares have no par value and are fully paid.

#### b) Common shares

At September 30, 2022, the Company had 424,395,995 common shares (December 31, 2021 – 420,488,995) issued and outstanding.

i) On February 12, 2021, the Company completed a non-brokered private placement financing of 29,032,123 common shares at \$0.18 per common shares of the Company for gross proceeds of \$5,225,782. The Company paid commissions to certain finders consisting of cash payments of \$251,490 and the issuance of 1,397,165 broker warrants exercisable into common shares at \$0.18 per broker's warrant for a period of 36 months following and paid legal and other fees of \$33,717. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.23%;
- Expected life: 3 years;
- Expected volatility: 85% based on historical 3 years trends; and
- Weighted average share price: \$0.22.

#### c) Warrants

The Company has the following warrants outstanding as a result of equity issues for the periods presented.

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2020</b>	-	-
Issued	1,397,165	0.18
<b>Balance, September 30, 2021</b>	<b>1,397,165</b>	<b>0.18</b>
<b>Balance, December 31, 2021 and September 30, 2022</b>	<b>1,373,228</b>	<b>0.18</b>

  

Issue date	Expiry date	Exercise price	Number of warrants
February 12, 2021	February 12, 2024	\$0.18	1,373,228

# Gensource Potash Corporation

Notes to Condensed Interim Consolidated Financial Statements  
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## 11. Stock options

Stock option transactions for the periods presented are as follows:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2020</b>	<b>33,600,000</b>	<b>0.12</b>
Granted <sup>(1)(2)(3)</sup>	8,100,000	0.22
Exercised	(4,800,000)	(0.07)
<b>Balance, September 30, 2021</b>	<b>36,900,000</b>	<b>0.15</b>
<b>Balance, December 31, 2021</b>	<b>33,500,000</b>	<b>0.16</b>
Granted <sup>(4)</sup>	150,000	0.38
Expired/forfeited	(2,193,000)	(0.18)
Exercised	(3,907,000)	(0.14)
<b>Balance, September 30, 2022</b>	<b>27,550,000</b>	<b>0.16</b>

The weighted average grant date fair value of options granted during the nine months ended September 30, 2022 was \$0.26 (September 30, 2021 - \$0.15).

(1) On April 21, 2021, the Company granted an aggregate of 1,000,000 stock options to directors of the Company at an exercise price of \$0.21 per share, exercisable for a period of 5 years. The options vested immediately. The estimated fair value of these options at the grant date was \$150,000 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2022 \$nil (three and nine months ended September 30, 2021, \$nil and \$150,000, respectively) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.94%;
- Expected life: 5.0 years;
- Expected volatility: 94% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.21.

(2) On July 16, 2021, the Company granted an aggregate of 5,750,000 stock options to directors, officers, consultants and an employee of the Company at an exercise price of \$0.215 per share, exercisable for a period of 5 years. The options vested immediately. The estimated fair value of these options at the grant date was \$860,800 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2022 \$nil (three and nine months ended September 30, 2021, \$864,000) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.87%;
- Expected life: 5.0 years;
- Expected volatility: 91% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.215.

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 11. Stock options (continued)

(3) On August 3, 2021, the Company granted an aggregate of 1,350,000 stock options to directors and an officer of the Company at an exercise price of \$0.22 per share, exercisable for a period of 5 years. The options vested immediately. The estimated fair value of these options at the grant date was \$206,100 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2022 \$nil (three and nine months ended September 30, 2021, \$206,100) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.75%;
- Expected life: 5.0 years;
- Expected volatility: 90% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.225.

(4) On April 1, 2022, the Company granted an aggregate of 150,000 stock options to consultant at an exercise price of \$0.38 per share, exercisable for a period of 5 years. The options vest: 37,500 on July 1, 2022; 37,500 on October 1, 2022; 37,500 on January 1, 2023, and 37,500 on April 1, 2023. The estimated fair value of these options at the grant date was \$39,000 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2022, \$10,728 and \$30,761, respectively (three and nine months ended September 30, 2021 - \$nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 3.10%;
- Expected life: 5.0 years;
- Expected volatility: 87% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.375.



# Gensource Potash Corporation

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## 11. Stock options (continued)

The following table reflects the stock options issued and outstanding as of September 30, 2022:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 13, 2022	0.080	0.12	1,000,000	1,000,000	-
February 01, 2023	0.090	0.34	2,500,000	2,500,000	-
June 13, 2023	0.145	0.70	1,000,000	-	1,000,000
July 18, 2023	0.145	0.80	1,000,000	1,000,000	-
January 31, 2024	0.105	1.34	1,000,000	1,000,000	-
October 23, 2024	0.140	2.07	8,500,000	8,500,000	-
February 09, 2025	0.110	2.36	300,000	300,000	-
March 31, 2025	0.085	2.50	1,000,000	1,000,000	-
June 03, 2025	0.095	2.68	500,000	500,000	-
December 30, 2025	0.205	3.25	2,500,000	2,500,000	-
April 20, 2026	0.210	3.56	1,000,000	1,000,000	-
July 15, 2026	0.215	3.79	5,750,000	5,750,000	-
August 03, 2026	0.220	3.84	1,350,000	1,350,000	-
March 31, 2027	0.380	4.50	150,000	37,500	112,500
	<b>0.16</b>	<b>2.37</b>	<b>27,550,000</b>	<b>26,437,500</b>	<b>1,112,500</b>

## 12. Net (loss) per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$181,233 and \$1,634,654, respectively, (three and nine months ended September 30, 2021 – net loss of \$2,119,954 and \$4,010,873, respectively) and the weighted average number of common shares outstanding of 424,395,995 and 422,319,262, respectively, (three and nine months ended September 30, 2021 – 417,471,580 and 410,462,562, respectively). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

## 13. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Wages and incentive compensation (note 14) <sup>(1)</sup>	\$ (136,234)	\$ 233,257	\$ 135,807	\$ 387,694
Finance costs	-	11,720	-	62,715
Marketing and promotion	171,128	12,959	254,181	55,342
Professional fees (note 14)	40,491	(580)	297,805	248,026
AIM listing costs	119,057	485,974	478,829	1,095,088
Office and general (note 17)	10,034	289,824	402,745	541,250
	<b>\$ 204,476</b>	<b>\$ 1,033,154</b>	<b>\$ 1,569,367</b>	<b>\$ 2,390,115</b>

1) Credit due to reclassification of expenditures.

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## Gensource Potash Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

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(Unaudited)

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#### 14. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Rob Theoret	(i)	50,004	139,165	\$ 150,000	\$ 229,165
101188810 Saskatchewan Ltd	(ii)	50,000	139,165	150,000	229,165

- i) Compensation to the VP Finance and Business Development. For the nine months ended September 30, 2022, 100% is included development expenses (nine months ended September 30, 2021 – 47% in exploration and evaluation and 53% in general and administrative expenses).
- ii) Controlled by VP, Corporate Services. For the nine months ended September 30, 2022, 35% in exploration and evaluation and 65% in general and administrative expenses (nine months ended September 30, 2021 – 14% included in exploration and evaluation and 86% in general and administrative expenses).
- iii) Included in amounts payable and other liabilities was \$98,030 (December 31, 2021 - \$nil) owed to related companies for fees and expenses.

(b) Remuneration of directors and key management personnel, other than consulting fees as disclosed above, of the Company was as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Salaries	(i)	\$ 137,500	\$ 272,500	\$ 412,500	\$ 547,500
Stock-based compensation		-	954,620	-	1,481,120

- (i) For the nine months ended September 30, 2022 – 70% is included development expenses and 30% is included in general and administrative expenses (nine months ended September 30, 2021 – 45% included in exploration and evaluation and 55% in general and administrative expenses).

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Expressed in Canadian Dollars) (Unaudited)

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### 14. Related party balances and transactions (continued)

- (b) Remuneration of directors and key management personnel (continued),
- (ii) In October 2021, directors and officers of the Company purchased \$1,985,000 of Convertible Debentures (note 8). During the three and nine months ended September 30, 2022, the Company expensed of \$nil and \$49,219, respectively in interest on the convertible debentures (nine months ended September 30, 2021 - \$nil).
- (iii) As at September 30, 2022, officers were owed \$88,951 (December 31, 2021 - \$nil) and this amount was included in amounts payable and other liabilities.

Directors are entitled to director fees and stock options for their services.

- c) To the knowledge of the directors and executive officers of the Company as of September 30, 2022, the common shares of the Company were widely held, which includes various 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.

### 15. Financial 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 unaudited condensed interim 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, other 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.

Accounts payable and accrued liabilities, convertible debentures, and the Helm credit facility are classified as other financial liabilities, which are also measured at amortized cost.

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.

# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Expressed in Canadian Dollars) (Unaudited)

### 15. Financial risk management (continued)

#### *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 September 30, 2022. The Company's cash is deposited with a major Canadian chartered bank and is held in highly-liquid investments.

As at September 30, 2022, the aggregate gross credit risk exposure related to cash was \$209,536 (December 31, 2021 – \$1,712,079), and was entirely comprised of cash held with financial institutions with an "AA" credit rating or above and securities brokerage firms. As at September 30, 2022, the aggregate gross credit risk exposure related to receivables was \$334,331 (December 31, 2021 – \$143,433) and was primarily comprised of commodity taxes receivables and other receivables.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. As at September 30, 2022, the Company had a total of \$209,536 in cash and \$6,879 in investments to settle current liabilities of \$4,354,558.

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 its planned exploration activities for at least the next twelve months (see note 1). The Company anticipates to complete additional financing to improve its liquidity.

The following table consists of accounts payable and accrued liabilities, lease payments, convertible debentures, the Helm credit facility, and sets out contractual maturities (representing undiscounted contractual cash flows) of the financial liabilities outstanding at September 30, 2022:

<b>September 30,</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Accounts payable & accrued liabilities	\$ 4,307,064	\$ -	\$ -	\$ -	\$ 4,307,064
Lease payments	62,740	65,877	-	-	128,617
Convertible debentures	2,169,589	-	-	-	2,169,589
Helm credit facility	-	3,187,363	-	-	3,187,363
Promissory note from related party	250,000	-	-	-	250,000
	<b>\$ 6,789,393</b>	<b>\$ 3,253,240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,042,633</b>

The contractual maturities of commitments at year end are included in (note 17).

#### *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 has exposure to foreign currency risk on its US currency held in the bank. As at September 30, 2022, the Company held US\$9,183 of monetary assets. A 5% fluctuation in the value of the Canadian dollar would result in an increase or decrease to profit or loss of approximately \$100. The Company mitigates the risk of foreign currency fluctuations by converting US currency to Canadian dollars when required to fund expenditures. The Company does not currently hedge its foreign exchange risk.

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 15. Financial risk management (continued)

#### *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**

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<b>Cash and investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
September 30, 2022	\$ 216,415	\$ -	\$ -	\$ 216,415
December 31, 2021	\$ 1,723,352	\$ -	\$ -	\$ 1,723,352

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### 16. 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.

At September 30, 2022, the Company's capital structure consists of the equity of the Company, convertible debenture, related party promissory note and Helm credit facility. The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

### 17. Commitments and contingencies

i) While the Company has performed its own due diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects. If the Company defaults with respect to making payments or completing assessment work as required in order to keep its permits in good standing, the Company may lose its rights to the properties underlying such claims.

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# Gensource Potash Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 17. Commitments and contingencies (continued)

ii) The Company is party to management agreements which require that additional payments to be made upon the occurrence of change of control. As the triggering event has not taken place, the contingent payments have not been reflected in these unaudited condensed interim consolidated financial statements.

iii) In addition to the risks disclosed in the Company's unaudited condensed interim consolidated financial statements for the fiscal year ended December 31, 2021, on June 4, 2021, a statement of claim was filed against the Company, its CEO and HELM AG by Frank Eberhardt, Carl F Peters GmbH & Co., both of Hamburg Germany, and 11664735 Canada Ltd., a Canadian company beneficially owned by Frank Eberhardt. The claim alleged, among other things, that Gensource and HELM AG wrongfully excluded Mr. Eberhardt from investing in the Tugaske Project and sought to confer upon the plaintiffs the right to invest in and be part of the Tugaske Project and/or damages from the defendants. On February 14, 2022, the Company, HELM and Michael Ferguson (CEO) entered into a mutual release and settlement agreement dated February 11, 2022. The net amount of settlement is included in general and administrative expenses.

#### iv) Senior debt facility

The Company has received a binding commitment letter from its two Mandated Lead Arrangers, KfW IPEX Bank and Societe Generale, following successful risk approvals and credit approvals within each organization. The commitment letter is based on an agreed and binding term sheet for the Debt Facility and is divided into two tranches, Tranche A and Tranche B.

##### *Tranche A facility – \$140 million*

- Term of 11.5 years;
- Interest base rate of 3-month Canadian dollar offered rate (“CDOR”) plus respective margin;
- Purpose is to fund key equipment and service provider contracts with German suppliers which are eligible for export credit cover;
- Export credit guarantee issued by Euler Hermes;
- Interest capitalized during construction;
- Fully amortizing loan facility, early repayment permitted without penalty, upon notice;
- Subject to standard bank fees.

##### *Tranche B facility – CAD \$140 million*

- Term of 10.5 years
- Interest base rate of 3-month CDOR plus respective margin;
- Purpose is to fund the remaining capital spend as identified in the detailed capital cost estimate;
- Interest capitalized during construction;
- Fully amortizing term loan facility, early repayment permitted without penalty, upon notice;
- Subject to standard bank fees.

As of this writing, the binding conditional commitment letter from KfW-Ipex Bank and Société Générale has formally expired. Both banks, however, have indicated their commitment to the project and stand ready to follow through with the debt financing, once the full equity solution is in place. The Company maintains communications with both banks on a consistent basis

### 18. Subsequent events

i) In accordance with TSX-V, Board policy and AIM/MAR regulations in respect of the publication of scheduled material announcements, with reference to Gensource's September 30, 2022, financial statement disclosures, a securities trading blackout is in place until 2 days following the filing on SEDAR of the September 30, 2022 financial documents. Accordingly, the expiration date of the 1,000,000 options that were due to expire on November 13, 2022, will be extended as regulated by the TSX-V and Company Stock Option Policy.