



**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)**

To the Shareholders of Gensource Potash Corporation:

Opinion

We have audited the consolidated financial statements of Gensource Potash Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss for the year ended December 31, 2023 and had an accumulated deficit as at December 31, 2023. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

April 29, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Gensource Potash Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	\$ 409,488	\$ 337,831
Prepaid expenses and deposits	64,182	74,557
GST/HST and other receivables	253,836	300,327
Investments	2,962	8,216
Total current assets	730,468	720,931
Non-current assets		
Deferred financing costs (note 4)	-	2,377,748
Exploration and evaluation assets (notes 5 and 16)	4,589,002	3,890,413
Property, plant and equipment (notes 6)	18,319,455	17,880,148
Right-of-use assets (note 7)	34,269	80,423
Total non-current assets	22,942,726	24,228,732
Total assets	\$ 23,673,194	\$ 24,949,663
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities	\$ 4,964,518	\$ 4,089,744
Short-term portion of lease liability (note 8)	45,409	49,670
Flow-through liability (note 19)	-	144,000
Convertible debt (notes 10 and 16)	2,186,508	2,089,606
Promissory note from related party (note 9)	241,383	240,745
Helm credit facility (note 11)	3,041,632	-
Total current liabilities	10,479,450	6,613,765
Non-current liabilities		
Lease liability (note 8)	-	45,409
Helm credit facility (note 11)	-	2,836,024
Total liabilities	10,479,450	9,495,198
Shareholders' equity		
Share capital (note 12)	45,813,107	42,417,800
Units to be issued	-	690,500
Contributed surplus (note 13)	7,452,197	5,834,491
Equity portion of convertible debt	72,526	72,526
Deficit	(40,144,086)	(33,560,852)
Total shareholders' equity	13,193,744	15,454,465
Total shareholders' equity and liabilities	\$ 23,673,194	\$ 24,949,663

Nature of operations and going concern (note 1)
Commitments and Contingencies (note 19)
Subsequent events (note 20)

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

Gensource Potash Corporation

Consolidated Statements of Operations and Comprehensive Loss (Expressed in Canadian Dollars)

	Years Ended December 31,	
	2023	2022
Expenses		
General and administrative (notes 15 and 16)	\$ 2,341,767	\$ 2,441,647
Share-based payments (note 13)	1,617,706	36,534
Depreciation (notes 6 and 7)	50,152	52,787
Write-off Deferred Financing Fees (note 4)	2,383,919	-
Other exploration and evaluation	-	57
	6,393,544	2,531,025
Income (loss) before under noted items	(6,393,544)	(2,531,025)
Interest income	8,161	1,259
Unrealized loss on FVTPL investments	(5,254)	(3,057)
Flow-through premium obligation discharged	144,000	-
Accretion expense (notes 8, 9, 10 and 11)	(322,823)	(285,803)
Foreign exchange (loss) gain	(18,399)	40,293
Interest on credit facility (note 11)	(74,999)	(57,226)
Gain on modification of debt (notes 9 and 10)	79,624	343,696
	\$ (6,583,234)	\$ (2,491,863)
Loss and comprehensive loss	\$ (6,583,234)	\$ (2,491,863)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	442,733,437	422,849,288

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

Gensource Potash Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended December 31,	
	2023	2022
Operating activities		
Net loss	\$ (6,583,234)	\$ (2,491,863)
Adjustments for:		
Depreciation	50,152	52,787
Share-based payments	1,617,706	36,534
Accretion expense	322,823	285,803
Unrealized loss on FVTPL investments	5,254	3,057
Interest on credit facility	74,999	57,226
Gain on modification of debt	(79,624)	(343,696)
Write-off of deferred financing costs	2,377,748	-
FT obligation renunciation	(144,000)	-
	(2,358,176)	(2,400,152)
Changes in non-cash working capital	482,336	977,791
Net cash used in operating activities	(1,875,840)	(1,422,361)
Investing activities		
Expenditure on development stage properties (note 6)	(443,305)	(3,059,001)
Purchase of office equipment (note 6)	-	(1,770)
Acquisition and expenditures on exploration and evaluation assets (note 5)	(249,284)	(209,510)
Net cash used investing activities	(692,589)	(3,270,281)
Financing activities		
Cash proceeds from promissory note	-	250,000
Cash proceeds from Helm credit facility	-	2,000,000
Cash proceeds from issuance of shares	2,752,325	480,000
Cash proceeds from shares to be issued	-	690,500
Cost of issuance	(47,518)	(38,570)
Cash proceeds from exercise of stock options	-	536,910
Deferred financing costs	-	(535,270)
Lease payments (note 8)	(64,721)	(65,176)
Net cash provided by financing activities	2,640,086	3,318,394
Net change in cash	71,657	(1,374,248)
Cash, beginning of year	337,831	1,712,079
Cash, end of year	\$ 409,488	\$ 337,831

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

Gensource Potash Corporation
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Issued shares	Share capital	Shares to be issued	Contributed surplus	Convertible debentures	Deficit	Total
Balance, December 31, 2021	420,488,995	\$ 40,993,968	\$ -	\$ 6,387,449	\$ 72,526	\$ (31,068,989)	\$ 16,384,954
Issuance of shares (note 12(b))	2,400,000	480,000	-	-	-	-	480,000
Flow-through liability (note 12(b))	-	(144,000)	-	-	-	-	(144,000)
Units to be issued	-	-	690,500	-	-	-	690,500
Issuance cost - cash	-	(38,570)	-	-	-	-	(38,570)
Share-based payments (note 13)	-	-	-	36,534	-	-	36,534
Issuance of shares from exercise of options	3,907,000	1,126,402	-	(589,492)	-	-	536,910
Loss and comprehensive loss for the year	-	-	-	-	-	(2,491,863)	(2,491,863)
Balance, December 31, 2022	426,795,995	\$ 42,417,800	\$ 690,500	\$ 5,834,491	\$ 72,526	\$ (33,560,852)	\$ 15,454,465
Issuance of shares (note 12(b))	22,952,169	3,442,825	(690,500)	-	-	-	2,752,325
Issuance cost - cash	-	(47,518)	-	-	-	-	(47,518)
Share-based payments (note 13)	-	-	-	1,617,706	-	-	1,617,706
Loss and comprehensive loss for the year	-	-	-	-	-	(6,583,234)	(6,583,234)
Balance, December 31, 2023	449,748,164	\$ 45,813,107	\$ -	\$ 7,452,197	\$ 72,526	\$ (40,144,086)	\$ 13,193,744

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

Gensource Potash Corporation

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

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 #1100-201-1st Avenue South, Saskatoon, SK., S7K 1J5.

These consolidated financial statements were authorized and approved by the Board of Directors on April 29, 2024.

Geopolitical turmoil around the world is being driven by nationalism, polarization and economic instability. Due to globalization, regional events are having global impacts. In particular, the Russia and Ukraine war has resulted in, and may continue to result in, supply chain disruptions and higher prices for energy and several commodities, compounding existing energy and food supply chain bottlenecks.

The 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 year ended December 31, 2023 of \$6,583,234 (year ended December 31, 2022 - net loss of \$2,491,863) and had an accumulated deficit in the amount of \$40,144,086 at December 31, 2023 (December 31, 2022 - \$33,560,852). 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 December 31, 2023, the Company had working capital deficiency of \$9,748,982 (December 31, 2022 - working capital deficiency of \$5,892,834).

The Company's ability to sustain ongoing development expenditures and 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 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 material accounting policies

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of preparation

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

Gensource Potash Corporation

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

2. Summary of material accounting policies (continued)

Basis of consolidation

The 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 wholly owned 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.

Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at fair value through profit or loss ("FVTPL")

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss.

The Company's investments and cash are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's other receivables are classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities, convertible debt and Helm credit facility do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded fair value through profit or loss ("FVTPL")

Financial liabilities are classified as fair value through profit or loss if they are not eligible to be classified as amortized cost.

Transaction costs

Transaction costs associated with financial instruments carried at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Gensource Potash Corporation

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

2. Summary of material accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Fair value hierarchy and liquidity risk disclosure

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). Please refer to note 17 Financial risk management.

Comprehensive income

Other comprehensive income is a component of shareholders' equity. Comprehensive earnings are composed of the Company's net earnings and other comprehensive income.

The Company does not have any other comprehensive income components and, as such, comprehensive income (loss) is equal to net earnings (loss).

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Gensource Potash Corporation

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

2. Summary of material accounting policies (continued)

Provisions (continued)

Provision for asset retirement obligation

An asset retirement obligation is recognized for the expected costs of reclamation at mineral properties where the Company is legally or contractually responsible for such costs. Asset retirement obligation arise from the Company's obligation to undertake site reclamation and remediation in connection with the exploration and mineral properties. The Company recognizes the estimated reclamation costs when environmental disturbance occurs, but only when a reasonable estimate can be made.

The asset retirement obligation recognized is estimated on the risk adjusted costs required to settle present obligations, discounted using a pre-tax risk-free discount rate consistent with the expected timing of expected cash flows. Following the initial recognition, changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the asset retirement obligation are offset to the reclamation cost asset previously recognized for the specific property. Actual reclamation expenditures incurred, reduce the carrying value of the reclamation provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are included in operating costs.

As at December 31, 2023 and 2022, the Company did not have any asset retirement obligations.

Exploration and evaluation assets

The Company defers the costs of exploration on existing projects and carries them as exploration and evaluation assets until the respective projects are considered to be in the development stage. Deferred costs include all lease rental payments on project property and executive compensation for fees that relate to exploration activities. Pre-exploration costs are generally expensed unless it is probable that they will generate future economic benefits. The amounts at which exploration and evaluation assets are recorded do not necessarily reflect present or future values. If a project is economically feasible, the related exploration property and deferred exploration costs are amortized over the estimated economic life of the project. If a project has ceased because continuation is not economically feasible, the exploration properties and the exploration and evaluation assets are written off to net recoverable amount.

The Company reviews its evaluation and exploration assets at the end of every financial reporting period to determine if events or changes in circumstances have transpired which indicate that its carrying value may not be recoverable. The recoverability of costs incurred on the exploration and evaluation assets is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is possible that conditions in the near-term could change the Company's assessment of the carrying value. When a project is considered to no longer have commercially viable prospects for the Company, exploration properties and exploration and evaluation assets in respect of that property are assessed as impaired and written off to the consolidated statement of operations and comprehensive loss.

Once the technical feasibility and commercial viability of extracting a mineral resource has been determined, the property is considered to be in the development stage and are reclassified to property plant and equipment as development properties. Exploration properties and exploration and evaluation assets are tested for impairment before being transferred to development properties.

Consideration, in the form of cash and/or shares received under exploration property option agreements or proceeds from the sale of royalty interests, is applied against the acquisition cost of the exploration property and related exploration and evaluation assets. Consideration, in excess of the acquisition cost and related exploration and evaluation on the exploration property, is reported as income for the period and is included as income in the consolidated statements of operations and comprehensive loss.

Gensource Potash Corporation

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

2. Summary of material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is recorded over the estimated useful life of assets on the diminishing balance or straight-line basis using the following rates:

Furniture and equipment	20%, diminishing balance
Computer hardware	30%, diminishing balance
Computer software	100%, diminishing balance
Leasehold improvements	over term of lease

Development properties include exploration and evaluation costs for those properties that development has commenced, or for which proven and probable reserves have been declared and the Company intends to commercially develop the property. Development properties are accumulated separately for each area in which economically recoverable mineral resources have been identified and are reasonably assured.

No amortization is provided in respect of development properties until commencement of commercial production.

Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

Share capital

In situations where the Company issues units which are comprised of shares and warrants, the value of the warrants is not separated and is included in share capital in the statements of financial position. Costs associated with the issuance of share capital are netted against share capital.

Gensource Potash Corporation

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

2. Summary of material accounting policies (continued)

Flow-through shares

The Company may finance a portion of its exploration activities through the issuance of flow-through shares which pass the tax deductions on eligible expenditures through the Company to the investors. Upon the sale of flow-through shares, the Company recognizes a liability for the excess purchase price paid (if any) by the investors over the fair value of common shares without the flow-through feature (the “premium”) and records the fair value of the shares in equity. When the tax deduction of the expenditures is renounced to the investor, the liability is reversed and a deferred tax liability is recorded for the amount of the benefits renounced to the investors. To the extent the Company has unrecognized tax benefits from loss carry forwards or other tax pools in excess of book value, the Company will offset the future income tax liability resulting in the premium being recognized in the statements of consolidated operations and comprehensive loss.

Revenue recognition

Interest income is recorded on the accrual basis.

Financing costs

The Company may incur various costs when issuing or acquiring equity or debt financing. The financing costs are accounted for as a deduction from equity or debt to the extent they are directly attributable to the transaction and otherwise would not have been incurred. Costs related to a planned financing not completed at the financial statement date are recorded as deferred financing costs until the financing transaction is either completed or abandoned. The costs of a transaction that is abandoned are recognized as an expense.

Share-based payments

The Company follows guidance provided by IFRS 2, which requires that a fair value based method of accounting be applied to all share-based payments. The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. For equity-settled share-based payment transactions for non-employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions under which the options were granted. The Company currently estimates the expected volatility of its common shares based on historical volatility taking into consideration the expected life of the options. The risk-free interest rate assumption is based on the Bank of Canada marketable bonds with a remaining term equal to the stock options' expected life.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Gensource Potash Corporation

Notes to Consolidated Financial Statements

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2. Summary of material accounting policies (continued)

Income taxes(continued)

Deferred tax is recognized in respect of all qualifying temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, such asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

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, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

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. Adoption of the amendment did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2. The amendments to IAS 1 require an entity to disclose its material accounting policies instead of the entity's significant accounting policies. The amendments include clarification on how an entity can determine material accounting policies by applying a “four-step materiality process” that is described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. The Company adopted the amendments effective January 1, 2023, with no material impact to the Consolidated Financial Statements for 2023.

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. Adoption of the amendment did not have a material impact on the Company's 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, 2024. 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.

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2. Summary of material accounting policies (continued)

Recent accounting pronouncement (continued)

IFRS 16 - Leases ("IFRS 16")

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

3. Critical judgments and accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of judgment and estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Exploration and evaluation assets and development properties

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. Judgment is required to determine if the exploration and evaluation project is technically feasible and is reclassified to development properties. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of such expenditure is unlikely, the amount capitalized is written off in the consolidated statements of operations and comprehensive loss in the period the new information becomes available.

The Company's management reviews the carrying values of its mining interests on transfer from an exploration property to a development property and on a regular basis to determine whether any write-downs are necessary. Property, plant and equipment is also reviewed on a regular basis to determine whether any write-downs are necessary. The recovery of amounts recorded for mining interests and property, plant and equipment depends on the Company's interpretation of its interest in the underlying mineral claims based on existing regulations, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on the life-of-mine plans in its assessments of economic recoverability and probability of future economic benefit. Life-of-mine plans provide an economic model to support the economic extraction of reserves and resources. The life-of-mine plan requires the use of estimates and assumptions such as long term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, mineral reserves, and operating performance (which includes production and sales volume). The Company performed an impairment test on the Tugaska Project as it entered the development stage during fiscal year 2021.

No indications of impairment were present at December 31, 2023.

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Notes to Consolidated Financial Statements
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3. Critical judgments and accounting estimates (continued)

Discount on initial recognition of debt

The convertible debt and all components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the debt and/or lease, unless this cannot readily be determined, in which case the Company's incremental borrowing rate is used instead. The definition of the Company's incremental borrowing rate states that the rate should represent what the Company would have to pay to borrow over a similar term and with similar security, and the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a convertible debt and/or right-of-use asset.

Deferred financing cost

In prior years, the Company capitalized certain financing costs. In Q4, 2023, the deferred financing costs were expensed. See Note 4.

4. Deferred financing costs

	As at December 31, 2023	As at December 31, 2022
Base shelf prospectus	\$ 447,230	\$ 441,059
Capital raises	510,573	510,573
Asset acquisition	295,278	295,278
Senior Debt	1,130,838	1,130,838
Write-off - Deferred finance cost ⁽¹⁾	(2,383,919)	-
Balance at end of year	\$ -	\$ 2,377,748

⁽¹⁾Deferred Financing costs are being reclassified to expense as the related financing transactions to which each relate have not closed by year end and or the related agreements have expired.

5. Exploration and evaluation assets and development stage properties

The Lazlo Project (exploration and evaluation asset)

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 (exploration and evaluation asset)

The Vanguard Area is located in central Saskatchewan and comprises two mineral leases, KL244 and KL245, and Potash Permit, SMP200.

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.

Gensource Potash Corporation

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5. Exploration and evaluation assets and development stage properties (continued)

The Tugaske Project (development stage property) (note 6)

The Tugaske Project is the Company's most advanced potash project, having achieved the following milestones:

- FEED (Front End Engineering and Design) study, beginning long lead procurement work.
- Bankable feasibility study, having achieved an underwritten senior lender commitment as the debt component of a typical debt-equity project financing solution.
- Fully permitted with a Provincial environmental assessment determination and municipal development permit granted.
- Construction ready.

Cost	Lazlo ⁽¹⁾	Vanguard Area ⁽²⁾	Total
Balance, December 31, 2021	\$ 848,348	\$ 2,832,555	\$ 3,680,903
Additions:			
Property acquisition and surface access fees	6,277	192,748	199,025
Geological and project management	-	3,523	3,523
Environmental	-	6,962	6,962
Balance, December 31, 2022	\$ 854,625	\$ 3,035,788	\$ 3,890,413
Additions:			
Property acquisition and surface access fees	7,399	182,444	189,843
Seismic	-	505,570	505,570
Environmental	-	3,176	3,176
Balance, December 31, 2023	\$ 862,024	\$ 3,726,978	\$ 4,589,002

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

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

6. Property, plant and equipment

Cost

	Office equipment	Leasehold improvements	Development properties	Total
	\$	\$	\$	\$
Balance, December 31, 2021	227,741	95,853	12,807,860	13,131,454
Additions	1,770	-	5,058,183	5,059,953
Balance, December 31, 2022	229,511	95,853	17,866,043	18,191,407
Additions	-	-	443,305	443,305
Balance, December 31, 2023	229,511	95,853	18,309,348	18,634,712

Gensource Potash Corporation

Notes to Consolidated Financial Statements

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6. Property, plant and equipment (continued)

Accumulated depreciation

	Office equipment \$	Leasehold improvements \$	Development properties \$	Total \$
Balance, December 31, 2021	210,156	95,853	-	306,009
Depreciation for the year	5,250	-	-	5,250
Balance, December 31, 2022	215,406	95,853	-	311,259
Depreciation for the year	3,998	-	-	3,998
Balance, December 31, 2023	219,404	95,853	-	315,257

Carrying amount

	Office equipment \$	Leasehold improvements \$	Development properties \$	Total \$
At December 31, 2022	14,105	-	17,866,043	17,880,148
At December 31, 2023	10,107	-	18,309,348	18,319,455

7. Right-of-use assets

	Property	Equipment	Total
Balance, December 31, 2021	\$ 125,654	\$ 2,306	\$ 127,960
Depreciation	(45,693)	(1,844)	(47,537)
Balance, December 31, 2022	\$ 79,961	\$ 462	\$ 80,423
Depreciation	(45,692)	(462)	(46,154)
Balance, December 31, 2023	\$ 34,269	\$ -	\$ 34,269

8. Lease liabilities

	Property	Equipment	Total
Balance, December 31, 2021	\$ 130,609	\$ 4,652	\$ 135,261
Accretion expense	23,689	1,305	24,994
Lease payments	(60,387)	(4,789)	(65,176)
Balance, December 31, 2022	\$ 93,911	\$ 1,168	\$ 95,079
Accretion expense	15,022	29	15,051
Lease payments	(63,524)	(1,197)	(64,721)
Balance, December 31, 2023	\$ 45,409	\$ -	\$ 45,409

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8. Lease liabilities (continued)

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Lease liabilities	\$ 54,898	\$ -	\$ -	\$ -	\$ 54,898
Total	\$ 54,898	\$ -	\$ -	\$ -	\$ 54,898

9. 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 bears 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.

In April 2023, the Company extended the maturity date of the promissory note from July 1, 2023 to July 1, 2024, the extension was accounted for as a modification under IFRS 9.

	As at December 31, 2023	As at December 31, 2022
Balance at beginning of period	\$ 240,745	\$ -
Draw against credit facility	-	250,000
Gain on issuance of debt	-	(20,053)
Gain on modification	(16,915)	-
Accretion	17,553	10,798
Balance at end of year	\$ 241,383	\$ 240,745

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10. 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.

In June 2023, the Company extended the maturity date of all convertible debentures from June 30, 2023 to June 30, 2024 (the “Debenture Amendments”). All other terms remain the same. The Company calculated the fair value of the conversion feature and re-valued the convertible debenture using the original effective interest rate. The extension was accounted for as a modification under IFRS 9.

The following table summarizes the debt component of the debenture.

	Total
Balance, December 31, 2021	\$ 1,937,036
Accretion expense	152,570
As at December 31, 2022	2,089,606
Gain on modification	(62,708)
Accretion expense	159,610
Balance, December 31, 2023	\$ 2,186,508

11. Helm credit facility

On August 27, 2021, KClean entered into an unsecured loan agreement with Helm for development costs in connection with the Tugaska Project. 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. For the years ended December 31, 2021 and December 31, 2022, KClean Potash drew \$1,000,000 and \$2,000,000, respectively, against the unsecured \$5,000,000 HELM credit facility.

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11. Helm credit facility (continued)

The Company valued the debt on initial recognition by calculating the present value of the principal and interest payments, discounted at a rate of 7.3%.

The Helm credit facility is summarized as follows:

	As at December 31, 2023	As at December 31, 2022
Balance at beginning of period	\$ 2,836,024	\$ 1,005,000
Draw against credit facility	-	2,000,000
Gain on issuance of debt	-	(323,643)
Accrued interest	74,999	57,226
Accretion	130,609	97,441
Balance at end of year	\$ 3,041,632	\$ 2,836,024

12. 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 December 31, 2023, the Company had 449,748,164 common shares (December 31, 2022 – 426,795,995) issued and outstanding.

i) On January 26, 2023, the Company closed the second and final tranche, the Company issued 11,969,998 Units for aggregate gross proceeds of \$1,795,500. Each Unit consists of one common share in the capital stock of the Company (a “Common Share”) and one Common Share purchase warrant of the Company (a “Warrant”). Each whole Warrant is exercisable for one Common Share (a “Warrant Share”) at an exercise price of \$0.30 per Warrant Share for a period of 24 months following the date of issuance. These warrants were assigned a value of \$333,400 using the Black-Scholes valuation model.

The Company paid commission to a certain finder consisting of a cash payment of \$6,300, and paid legal and other fees of \$20,800 and issued 117,000 non-transferable warrants (the “Broker Warrants”) of the Company to such finders, with each Broker Warrant exercisable, for a period of 24 months from the date hereof, into one Common Share (a “Broker Warrant Share”) at an exercise price of \$0.30 per Broker Warrant Share. These warrants were assigned a value of \$3,300 using the Black-Scholes valuation model.

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12. Share capital (continued)

The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 3.62%;
- Expected life: 2 years;
- Expected volatility: 75% based on historical 2 year trends; and
- Weighted average share price: \$0.135.

ii) On May 29, 2023, the Company closed a non-brokered financing and the Company issued 6,118,583 Units for aggregate gross proceeds of \$917,787. Each Unit consists of one common share in the capital stock of the Company (a "Common Share") and one Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable for one Common Share (a "Warrant Share") at an exercise price of \$0.30 per Warrant Share for a period of 24 months following the date of issuance. These warrants were assigned a value of \$146,800 using the Black-Scholes valuation model.

The Company paid legal and other fees of \$11,422.

The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 3.96%;
- Expected life: 2 years;
- Expected volatility: 78% based on historical 2 year trends; and
- Weighted average share price: \$0.12.

iii) On October 2, 2023, the Company closed a non-brokered private placement and the Company issued 4,863,588 Units for aggregate gross proceeds of \$729,538. Each Unit consists of one common share in the capital stock of the Company (a "Common Share") and one Common Share purchase warrant of the Company (a "Warrant"). Each whole Warrant is exercisable for one Common Share (a "Warrant Share") at an exercise price of \$0.30 per Warrant Share for a period of 24 months following the date of issuance. These warrants were assigned a value of \$139,100 using the Black-Scholes valuation model.

The Company paid legal and other fees of \$8,996.

The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 4.97%;
- Expected life: 2 years;
- Expected volatility: 84% based on historical 2 year trends; and
- Weighted average share price: \$0.12.

Gensource Potash Corporation
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12. Share capital (continued)

c) Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2022	1,373,228	0.18
Issued	23,069,169	0.30
Balance, December 31, 2023	24,442,397	0.29

Issue date	Expiry date	Exercise price	Number of warrants
February 12, 2021	February 12, 2024	\$0.18	1,373,228
January 26, 2023	January 26, 2025	\$0.30	12,086,998
May 29, 2023	May 29, 2025	\$0.30	6,118,583
October 2, 2023	October 2, 2025	\$0.30	4,863,588

13. Stock options

Stock option transactions for the years presented are as follows:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2021	33,500,000	0.16
Granted ⁽¹⁾	150,000	0.38
Expired/forfeited	(2,193,000)	(0.18)
Exercised	(3,907,000)	(0.14)
Balance, December 31, 2022	27,550,000	0.16
Granted ⁽²⁾⁽³⁾⁽⁴⁾	18,400,000	0.13
Expired/forfeited	(7,500,000)	(0.12)
Balance, December 31, 2023	38,450,000	0.15

The weighted average share price on exercise of stock options during the year ended December 31, 2023 was \$nil (December 31, 2022 - \$0.27).

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13. Stock options (continued)

(1) On April 1, 2022, the Company granted an aggregate of 150,000 stock options to a consultant at an exercise price of \$0.38 per share, exercisable for a period of 5 years. The options vested: 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 year ended December 31, 2023, \$2,466 (year ended December 31, 2022 - \$36,534) 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 on the day of stock options grant: \$0.375.

(2) On February 3, 2023, the Company granted 1,000,000 options to a consultant at an exercise price of \$0.14 for 5 years. The options vested: 333,333 on February 3, 2023, 333,333 on April 15, 2023 and 333,334 on June 6, 2023. The estimated fair value of these options at the grant date was \$93,000 using the Black-Scholes valuation model. During the year ended December 31, 2023 \$93,000 (year ended December 31, 2022, \$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: 3.05%;
- Expected life: 5.0 years;
- Expected volatility: 81% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price on the day of stock options grant: \$0.14.

(3) On May 8, 2023, the Company granted 1,000,000 stock options to a director of the Company at an exercise price of \$0.125 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 \$70,500 using the Black-Scholes valuation model. During the year ended December 31, 2023 \$70,500 (year ended December 31, 2022, \$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: 3.08%;
- Expected life: 5.0 years;
- Expected volatility: 81% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price on the day of stock options grant: \$0.11.

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13. Stock options (continued)

(4) On June 2, 2023, the Company granted an aggregate of 15,400,000 stock options to directors, officers and an employee of the Company at an exercise price of \$0.125 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 \$1,406,000 using the Black-Scholes valuation model. During the year ended December 31, 2023 \$1,406,000 (year ended December 31, 2022, \$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: 3.49%;
- Expected life: 5.0 years;
- Expected volatility: 80% based on historical 5 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price on the day of stock options grant: \$0.125.

(5) On July 26, 2023, the Company granted an aggregate of 1,000,000 stock options to a consultant of the Company at an exercise price of \$0.120 per share, exercisable for a period of 2 years. The options vested: monthly 100,000 units over the exercisable period of 2 years. The estimated fair value of these options at the grant date was \$55,300 using the Black-Scholes valuation model. During the year ended December 31, 2023, \$45,740 (year ended December 31, 2022, \$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: 4.65%;
- Expected life: 2.0 years;
- Expected volatility: 81.33% based on historical 2 year trends;
- Forfeiture rate: nil;
- Expected dividend yield: 0%; and
- Weighted average share price on the day of stock options grant: \$0.12.

The following table reflects the stock options issued and outstanding as of December 31, 2023:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
January 31, 2024	0.105	0.08	1,000,000	1,000,000	-
October 23, 2024	0.140	0.81	7,250,000	7,250,000	-
February 09, 2025	0.110	1.11	300,000	300,000	-
March 31, 2025	0.085	1.25	1,000,000	1,000,000	-
June 03, 2025	0.095	1.42	500,000	500,000	-
July 26, 2025	0.120	1.57	1,000,000	500,000	500,000
December 30, 2025	0.205	2.00	2,500,000	2,500,000	-
April 20, 2026	0.210	2.30	1,000,000	1,000,000	-
July 15, 2026	0.215	2.54	5,000,000	5,000,000	-
August 03, 2026	0.220	2.59	1,350,000	1,350,000	-
March 31, 2027	0.380	3.25	150,000	150,000	-
February 03, 2028	0.140	4.10	1,000,000	1,000,000	-
May 08, 2028	0.125	4.36	1,000,000	1,000,000	-
June 02, 2028	0.125	4.42	15,400,000	15,400,000	-
	0.15	2.87	38,450,000	37,950,000	500,000

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14. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022 – 27%) to the effective tax rate is as follows:

	2023	2022
Loss for the year, before income taxes	\$ (6,583,234)	\$ (2,491,863)
Income tax recovery at statutory rates	\$ (1,777,470)	\$ (672,800)
Increase (decrease) related to:		
Non-deductible expenses	399,120	10,320
Effect of flow-through renunciation	129,600	-
Share issuance costs booked through equity	(13,720)	(10,420)
Change in tax benefits not recognized	1,262,470	672,900
Provision for income taxes	\$ -	\$ -

The following table summarizes the components of deferred tax:

	2023	2022
Deferred Tax Assets		
Capital lease obligation	\$ 9,250	\$ 21,710
Non-capital tax losses carried forward	28,160	63,570
Deferred Tax Liabilities		
Right to use assets	(9,250)	(21,710)
Promissory note	(2,320)	(2,500)
Helm credit facility	(25,840)	(61,070)
	\$ -	\$ -

No deferred tax is recognized on the amount of temporary differences arising from the difference between the carrying amount of the investment in subsidiaries, branches and associates and interests in joint arrangements accounted for in these consolidated financial statements and the cost amount for tax purposes of the investment. The Company is able to control the timing of the reversal of these temporary differences and believes it is probable that they will not reverse in the foreseeable future.

	2023	2022
Property, plant and equipment	\$ 320,850	\$ 23,180
Marketable securities	242,800	237,540
Capital lease obligation	11,140	14,660
Convertible debentures	186,510	-
Share issuance costs	2,944,620	1,812,160
Non-capital losses carried forward	29,997,760	26,290,780
Net capital losses carried forward	102,280	102,280
Charitable donations carry forward	1,710	1,610
Resource pools - Mineral properties	7,890,670	8,677,770

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14. Income taxes (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2028	\$	201,240
2029		1,877,340
2030		2,761,380
2031		1,729,570
2032		2,082,250
2033		1,733,650
2034		885,760
2035		912,440
2036		1,530,910
2037		2,231,630
2038		2,828,310
2039		1,832,770
2040		1,209,410
2041		2,056,540
2042		2,627,840
2043		3,496,720
	\$	29,997,760

15. General and administrative

	Years Ended December 31,	
	2023	2022
Wages and incentive compensation (note 16)	\$ 365,069	\$ 577,016
Finance and marketing (note 17)	646,605	449,391
Professional fees (note 17)	380,772	346,300
AIM listing costs	217,618	556,042
Office and general	731,703	512,898
	\$ 2,341,767	\$ 2,441,647

16. Related party balances and transactions

Related parties include the Board of Directors, management, and enterprises that are controlled by these individuals.

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.

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16. Related party balances and transactions (continued)

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

		Year Ended December 31,	
		2023	2022
Michael Ferguson	(i)(v)	\$ 125,000	\$ 300,000
FCON Consulting	(i)(v)	175,000	-
Alton Anderson	(ii)(v)	250,000	250,000
Rob Theoret	(iii)(v)	200,000	200,000
101188810 Saskatchewan Ltd	(iv)(v)	200,000	200,000

(a) Transactions with related parties (continued):

- i) Compensation to the Chief Executive Officer ("CEO"). FCON Consulting (controlled by CEO). For the year ended December 31, 2023 – 21% is included in development properties and 79% in administrative expenses.
- ii) Compensation to the Chief Financial Officer. For the year ended December 31, 2023 – 17% is included in development properties and 83% general and administrative expenses.
- iii) Compensation to the VP Finance and Business Development. For the year ended December 31, 2023, 7% is included in development properties and 93% in administrative expenses (year ended December 31, 2022 – 73% is included in development properties and 27% in administrative expenses).
- iv) Compensation to the VP, Corporate Services. 101188810 Saskatchewan Ltd. (controlled by VP, Corporate Services). For the year ended December 31, 2023, 98% is included in general and administrative expenses and 2% is included in development properties (year ended December 31, 2022 – 22% in development properties and 78% is included in administrative expenses).
- v) Included in amounts payable and other liabilities was \$597,865 (December 31, 2022 - \$966) owed to related parties for deferred payment of consulting fees and expenses.

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

		Year Ended December 31,	
		2023	2022
Stock-based compensation	(i) (ii)	\$ 1,430,851	\$ -

- (i) On May 8, 2023, the Company granted 1,000,000 stock options to a director with an exercise price of \$0.125 per share, with a maturity date of 5 years and these options vested immediately. The Company recorded an expense of \$70,500.
- (ii) On June 2, 2023, the Company granted 14,900,000 stock options to directors and officers with an exercise price of \$0.125 per share, with a maturity date of 5 years and these options vested immediately. The Company recorded an expense of \$1,360,351.
- (iii) In October 2021, directors and officers of the Company purchased \$1,985,000 of Convertible Debentures (note 10). During the year ended December 31, 2023, the Company expensed \$99,250 in accretion on the convertible debentures (year ended December 31, 2022 - \$99,255).

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16. Related party balances and transactions (continued)

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 December 31, 2023, the common shares of the Company were widely held, including 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.

17. 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 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.

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, 2023. The Company's cash is deposited with a major Canadian chartered bank and is held in highly-liquid investments.

As at December 31, 2023, the aggregate gross credit risk exposure related to cash was \$409,488 (December 31, 2022 – \$337,831), 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, 2023, the aggregate gross credit risk exposure related to receivables was \$218,889 (December 31, 2022 – \$271,311).

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 December 31, 2023, the Company had a total of \$409,488 in cash and \$2,962 in investments to settle current liabilities of \$10,479,450.

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17. Financial risk management (continued)

Liquidity risk (continued)

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 completing 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 December 31, 2023:

December 31,	2024	2025	2026	2027	Total
Accounts payable & accrued liabilities	\$ 4,964,518	\$ -	\$ -	\$ -	\$ 4,964,518
Lease payments	49,409	-	-	-	49,409
Convertible debentures	2,255,906	-	-	-	2,255,906
Helm credit facility	3,041,632	-	-	-	3,041,632
Promissory note from related party	250,000	-	-	-	250,000
	\$ 10,561,465	\$ -	\$ -	\$ -	\$ 10,561,465

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 December 31, 2023, the Company held US\$937 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 \$62. 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.

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.

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17. Financial risk management (continued)

Fair value hierarchy

Cash and investments	Level 1	Level 2	Level 3	Total
December 31, 2023	\$ 412,450	\$ -	\$ -	\$ 412,450
December 31, 2022	\$ 346,047	\$ -	\$ -	\$ 346,047

18. 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 December 31, 2023, 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. There were no changes to capital management in the year.

19. 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.

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 consolidated financial statements.

20. Subsequent events

- i) On January 31, 2024, 1,000,000 options with an exercise price of \$0.105 expired.
- ii) On February 12, 2024, 1,373,227 broker warrants with an exercise price of \$0.18 expired.