



Gensource
POTASH CORP

GENSOURCE POTASH CORPORATION
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2021

April 22, 2022

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FORWARD-LOOKING STATEMENTS

Caution Regarding Forward-looking Statements

This AIF contains “forward looking information”, “forward looking statements”, “future oriented financial information” and “financial outlook” within the meaning of applicable Canadian securities legislation (collectively herein referred to as “forward-looking statements”). All statements other than statements of historical fact contained in this AIF are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, completed and potential acquisitions and the potential impact of such completed and/or potential acquisitions on the operations, the future development of the Tugaske Project, including the proposed use of proceeds from the Corporation’s financing activities and the results expected to be achieved therefrom, the successful negotiation and entering into of the Debt Facility, the proposed term of the Debt Facility, including ECA coverage, the non-binding MOU with HELM relating to the formation of a joint-venture and the ultimate structure of the Tugaske SPV, the Shareholders Agreement and proposed terms of the Shareholders Agreement, the proposed capitalization of the Tugaske SPV, including the proposed C\$50 million contribution to the Tugaske SPV by HELM, the use of proceeds from the HELM Credit Facility, the Corporation satisfying the condition precedents relating to the HELM commitment letter and the Debt Facility Commitment Letter, the closing of the Innovare Transaction, the Corporation’s expectations relating to the proposed modular potash production facilities, the Corporation’s expectations relating to the use technology and its planned business model, the future demands of potash, including the expectations that global demand will increase, the Corporation’s expectations relating to geographic benefits of the Tugaske Project, the Corporation’s expectations relating to Helm’s distribution network, financial condition, capital resources and business of the Corporation, the Corporation’s policy with respect to the amount and/or frequency of dividends, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or any businesses to potentially be acquired by the Corporation. Prospective investors can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “may”, “intends”, “projects”, “anticipates”, “plans”, “estimates”, “continues” and similar words or the negative thereof.

Forward-looking statements are necessarily based upon a number of expectations or assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned to not place undue reliance on forward-looking statements which only speak as to the date they are made. Although management believes the expectations and assumptions underlying such forward-looking statements are reasonable, there can be no assurance that such expectations or assumptions will prove to be correct. A number of factors could cause actual future results, performance, achievements and developments of the Corporation to differ materially from anticipated results, performance, achievements and developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to: risks related to additional requirements for capital, including risks related to the Corporation's Debt Facility, including that the Corporation may never enter into such Debt Facility or receive the proceeds therefrom, or that the terms of the Debt Facility may differ from

those currently expected by the Corporation; risks relating to the proposed mining method; risks related to the proposed HELM joint venture, including that the Corporation may never enter into the HELM joint venture or receive the expected contribution from HELM in connection therewith; risks related to the Offtake Agreement; commodity price fluctuations; dependence on key personnel; workforce and labour risks; competition; risks related to future acquisitions and joint-ventures; dependence on third party services; reliance on strategic relationships; project risks; compliance with laws; risks related to Indigenous peoples; exploration and development; calculation of reserves and resource and potash recoveries; reclamation; litigation; government regulation and political risk; operating risks; uninsured hazards; weather conditions and climate change; permits and licenses; estimates in financial statements; change in capital and operating costs; external contractors and sub-contractors; transportation delays; sovereign risks; risks associated with the need to maintain an effective system of internal controls; action against the Corporation may be limited under law for Shareholders outside of Canada; title to assets; potential conflicts of interest; information systems security threats; COVID-19; negative operating cash flow; share price volatility; exposure to economic cycle; market perception; dividends; risks related to the future issues or sales of Common Shares; interest rate risks; and liquid trading market for the Common Shares.

The information contained in this AIF identifies additional factors that could affect the operating results and performance of the Corporation. Assumptions about the performance of the Corporation are considered in setting the business plan for the Corporation and in setting financial targets. Key assumptions include that the Corporation will successfully develop the Tugaske Project, the Corporation will be able to negotiate and implement satisfactory financing arrangements for the Tugaske Project, one of the two triggering events will occur with respect to the Vanguard Royalties, the Corporation will be able to negotiate and finalize the ownership structure of the Tugaske Project with HELM and that the Corporation's relationship with HELM will otherwise be positive and productive, demand for products of the Corporation will remain stable and that the Canadian and other markets in which the businesses are active will remain stable. Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Corporation may vary materially from those described in forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this AIF are made as of the date of this AIF or such other date specified in such statement. Except as required by law, the Corporation disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results or otherwise.

CURRENCY AND EXCHANGE RATE INFORMATION

All monetary amounts herein are expressed in Canadian dollars or \$CAD unless otherwise specified. References to “U.S. dollars” and “US\$” in this AIF are to U.S. dollars. The Corporation’s cash resources are held in Canadian dollars and U.S. dollars.

The closing, high, low and average exchange rates for the U.S. dollar (based on the noon rates) expressed in Canadian dollars for the year ended December 31, 2021, as reported by the Bank of Canada, were as follows:

U.S. Dollar	(\$)
Closing	1.2678
High	1.2942
Low	1.2040
Average	1.2535

As of the date prior to the date hereof, the exchange rate for one U.S. dollar expressed in Canadian dollars, based upon the noon rate provided by the Bank of Canada was \$1.2529.

Conversion Table

In this AIF, metric units are used with respect to Gensource’s mineral properties, unless otherwise indicated. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below:

Imperial Measure	Metric Unit	Metric Unit	Imperial Measure
2.47 acres	1 hectare	0.4047 hectares	1 acre
3.28 feet	1 metre	0.3048 metres	1 foot
0.62 miles	1 kilometre	1.609 kilometres	1 mile
1.102 tons (short)	1 tonne	0.907 tonnes	1 ton

COMPLIANCE WITH NI-43-101

As required by NI 43-101, Gensource has filed technical reports detailing the scientific and technical information related to its material mineral properties discussed herein. For the purposes of NI 43-101, Gensource's only material mineral property as of the date hereof is the Tugaske Project. Unless otherwise indicated, Gensource has prepared the Technical Information based on the Disclosure Documents available under Gensource's profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by, or under the supervision of, or approved by a Qualified Person. For readers to fully understand the information in this AIF, they should read the Disclosure Documents in their entirety, including all qualifications, assumptions and exclusions that relate to the Technical Information set out in this AIF which qualifies the Technical Information. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The technical information contained herein has been prepared under the supervision of Louis Fourie, P.Geo; Douglas Hambley, PH.D., P.E., P.Eng. P.G., Devon Atkings, P.Eng.; Lindsay Ruel, P.Eng.; Danny Bernard, P.Eng.; Kyle Blixt, P.Eng.; Sheridan Fjeld, P.Eng.; and Michael J. Ferguson, P.Eng. who are each a Qualified Person within the meaning of NI 43-101, and are all independent of the Corporation, except for Michael J. Ferguson, the President and Chief Executive Officer of the Corporation.

CLASSIFICATION OF MINERAL RESERVES AND MINERAL RESOURCES

In this AIF and as required by NI 43-101, the definitions of proven and probable mineral reserves and measured, indicated and inferred mineral resources are those used by Canadian provincial securities regulatory authorities and conform to the definitions utilized by CIM in the CIM Standards. The CIM Standards were updated in 2010 and 2014 at the request of CIM's Standing Committee on Mineral Reserve and Mineral Resource Definitions. The Tugaske Project Technical Report was written in accordance with the updated CIM Standards.

CAUTIONARY NOTE TO U.S. INVESTORS REGARDING PRESENTATION OF MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

As an Ontario corporation and a "reporting issuer" under Canadian securities laws, the Corporation is required to provide disclosure regarding its mineral properties in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. In accordance with NI 43-101, the Corporation uses the terms

“mineral reserves” and “mineral resources” as they are defined in accordance with the CIM Standards. In particular, the terms “mineral reserve”, “proven mineral reserve”, “probable mineral reserve”, “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” used in this AIF are Canadian mining terms defined in accordance with CIM Standards. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this AIF may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

U.S. investors are also cautioned that while the SEC will now recognize “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, investors should not assume that any part or all of the mineralization in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described using these terms has a greater amount of uncertainty as to their existence and feasibility than mineralization that has been characterized as reserves. Accordingly, investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that we report are or will be economically or legally mineable. Further, “inferred resources” have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, U.S. investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of “inferred mineral resources” cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.

CORPORATE STRUCTURE

Name, Address and Incorporation

Gensource Potash Corp. was formed through the amalgamation of Augen Capital Corp., Forefront Industries Inc., and Forefront Finance Inc. to form one corporation amalgamated pursuant to the *Company Act* (Alberta) on April 16, 1997 under the name Augen Capital Corp.

On November 19, 2004, Augen Capital Corp. was re-incorporated pursuant to the *Corporation Act* (Ontario). On August 1, 2012, Augen Capital Corp. changed its name to “Gensource Capital Corporation”. On January 1, 2013, Gensource Capital Corporation amalgamated with Augen General Partner 2006 Inc., Augen General Partner 2007 Inc., Augen Resource 2 Balance Fund Inc., Polar Bear Exploration Inc. and Rioferro Resources Corp. under the name of Gensource Capital Corporation.

On July 1, 2013, Gensource Capital Corporation amalgamated with Aumerco Limited and Seven Stars Coal Corp. under the name “Gensource Potash Corporation”. Gensource is governed by the OBCA and also extra provincially registered in the Province of Saskatchewan.

Gensource’s head office is located at Suite 1100 – 201 1st Avenue South, Saskatoon, Saskatchewan Canada, S7K 1J5. Gensource’s registered office is located at 18 King St. E., Suite 902, Toronto, Ontario Canada M5C 1C4.

Intercorporate Relationships

As of the date hereof, the only subsidiary of Gensource is KClean, all of the shares of which are currently owned by Gensource. KClean was incorporated on August 20, 2021 pursuant to *The Business Corporations Act* (Saskatchewan).

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Set forth below is a summary of the significant developments regarding the Corporation that have taken place in three previous financial years of the Corporation.

2019

Shareholder Rights Plan

On April 8, 2019, the Corporation adopted the Shareholder Rights Plan, which was approved by the Shareholders at the annual and special meeting of Shareholders held on June 21, 2019. The purpose of the Shareholder Rights Plan is to provide both Shareholders and the Board sufficient time to adequately consider a take-over bid and to ensure the fair treatment of Shareholders in connection with a take-over bid. As of April 8, 2019, pursuant to the Shareholder Rights Plan, existing Shareholders were granted “rights” to acquire additional Common Shares. The rights were granted for no cash or non-cash consideration. These rights are attached to each Common

Share as long as the Shareholder Rights Plan remains in effect. Each new Shareholder who acquires Common Shares, either pursuant to a new issue by the Corporation or in the secondary market, will also be entitled to the rights attached to such Common Shares for no additional consideration. The rights allow Shareholders, other than a take-over bidder, to purchase, at a set exercise price of half the market price at the time of exercise, one Common Share for each Common Share held. This right is triggered only if a party acquires or announces its intention to acquire 20% or more of the outstanding Common Shares and this proposed acquisition does not meet the requirements of a “permitted bid” set forth within Shareholder Rights Plan, which are bids that meet certain specific requirements intended to protect the interests of all Shareholders. Permitted bids among other things must be made to all Shareholders, must remain open for one hundred and five days and must be made by way of a take-over bid circular prepared in compliance with applicable securities laws. A copy of the Shareholder Rights Plan is available on the Corporation’s profile on SEDAR at www.sedar.com.

Non-Binding MOU to Form Joint Venture Company

On May 22, 2019, the Corporation confirmed that it had entered into a non-binding MOU with HELM and Eberhardt to form a joint venture company in order to develop the Tugaske Project within the Vanguard Area. This MOU was renegotiated with HELM after the Corporation ceased negotiations with Eberhardt. For a summary of this MOU, see “Description of the Business – Commercial Contracts - HELM MOU”.

Receipt of Letters of Intent from KfW and EDC

On August 12, 2019, the Corporation announced that it had received non-binding letters of intent from KfW and EDC with respect to the debt financing for the Tugaske Project. KfW expressed interest in assuming the role of lead debt arranger for the Tugaske Project. KfW agreed to work with EDC and other senior lenders to initiate customary due diligence and possibly utilize official export promotion schemes as credit enhancements.

Sale of Royalties

On October 11, 2019, the Corporation completed the sale of the Vanguard Royalties for a total of US\$6 million. For details regarding these royalty agreements, see “Description of the Business – Commercial Contracts – Royalty Agreements”.

Private Placement Offering of Common Shares

On October 15, 2019, the Corporation completed a non-brokered private financing of 11,230,769 Common Shares at a price of \$0.13 per Common Share for aggregate gross proceeds of \$1,459,999.97. The Corporation paid commissions to certain finders in an aggregate amount of \$72,999.99.

Formal Mandate of KfW to Act as Lead Arranger of the Debt Facility

On October 9, 2019, the Corporation entered into a mandate letter from KfW (the “**Debt Facility Mandate Letter**”) formally mandating KfW to act as lead arranger for the Debt Facility for the Tugaske Project.

Initiation of Well Exploration Program in Vanguard Area

On December 3, 2019, the Corporation initiated a one well exploration program in the Vanguard Area, focusing the program on the KL 245 lease located in the Vanguard Area. The goal of the exploration program was to:

- (a) confirm resource extents and grades in the area, adjacent to resource already drilled in the area; and
- (b) upgrade resource categorization from inferred to measured and indicated.

The drilling, coring and assay work undertaken by the Corporation resulted in an overall increase in the estimated measured and indicated resources in the Vanguard Area, which resource estimate was subsequently superseded by the estimate included in the Tugaske Project Technical Report.

2020

New Offtake Partner

On January 30, 2020, the Corporation formally announced that HELM would be the Corporation’s offtake partner for the Tugaske Project.

Engagement of thinkHERO

On February 11, 2020, the Corporation engaged thinkHERO as a strategic branding and communications partner. thinkHERO was retained by the Corporation to provide heightened brand awareness for the Corporation to its various stakeholders. Initial services include branding and marketing, website design and development, and digital and social presence. Beyond this initial work, thinkHERO provides investor and media relation services. In connection with the engagement, the Corporation granted an aggregate of 300,000 Options to thinkHERO that are exercisable into Common Shares at an exercise price of \$0.11 per Common Share for a period of 5 years. 75,000 of the Options granted to thinkHERO vested immediately; 75,000 vested on May 10, 2020; 75,000 vested on August 10, 2020; and 75,000 vested on November 10, 2020.

Addition of SocGen to Senior Lender Consortium

On May 12, 2020, the Corporation entered into a first supplemental to the Debt Facility Mandate Letter, adding SocGen as a proposed Senior Lender and joint lead arranger along with KfW with respect to the Debt Facility for the Tugaske Project finance package (the “**First Supplemental Debt Facility Mandate Letter**”). For further information regarding the status of the Debt Facility, see “Description of the Business – Commercial Contracts - Debt Facility Commitment Letter and ECA Insurance Coverage”.

Engagement of KKE

On July 20, 2020, the Corporation engaged KKE to begin its engineering work for the large processing plant for the Tugaske Project.

Receipt of Development Permit from the Municipality of Huron

On August 31, 2020, the Corporation received a development permit from the Rural Municipality of Huron with respect to the Tugaske Project. A motion was made and carried to approve a potash mine within the boundaries of the municipality at a regular meeting of council of the Rural Municipality of Huron.

Replacement of Financial Investor

On November 26, 2020, the Corporation announced that, in agreement with its off-take partner, HELM, the Corporation had decided to cease negotiations with Eberhardt regarding Eberhardt’s participation in the Tugaske SPV that will own the Tugaske Project. As a result of the decision to cease negotiations with Eberhardt, the capital structure of the SPV was re-negotiated by the Corporation and HELM.

Second Supplemental Debt Facility Mandate Letter

On November 30, 2020, the Corporation, SocGen and KfW entered a second supplemental to the Debt Facility Mandate Letter setting out the terms and condition pursuant to which SocGen and KfW agreed to extend the period for the preparation, execution and delivery of the documents in connection with the Debt Facility (the “**Second Supplemental Debt Facility Mandate Letter**”).

2021

Private Placement Offering of Common Shares

On February 12, 2021, the Corporation completed a non-brokered private placement financing of 29,032,123 Common Shares at a price of \$0.18 per Common Share for gross proceeds of \$5,225,782.14. As part of the financing, a certain insider (as defined in the policies of the TSXV) purchased 250,000 Common Shares. In connection with this offering, the Corporation paid certain

finders aggregate cash payments of \$251,489.64 and issued to such finders 1,397,165 Broker Warrants. Each Broker Warrant is exercisable into one Common Share at an exercise price of \$0.18 until February 12, 2024.

Prior Tugaske Project Technical Report

On March 22, 2021, the Corporation announced the completion of the Prior Tugaske Project Technical Report and filed the Prior Tugaske Project Technical Report on SEDAR.

Appointment of New Chief Financial Officer

On April 1, 2021, Alton Anderson, CPA, CA was appointed Chief Financial Officer of the Corporation. Mr. Anderson was subsequently appointed as a Director on April 21, 2021.

Offtake Agreement with HELM

On May 7, 2021, the Corporation entered a definitive offtake agreement with HELM with respect to the Tugaske Project (the “**Offtake Agreement**”). For further information regarding the Offtake Agreement, see “Description of the Business – Commercial Contracts – Offtake Agreement”.

Amendment of Articles of the Corporation

On June 18, 2021, the Shareholders approved an amendment to the Articles to include requirements to disclose certain share ownership interests, as required for the Corporation’s application for admitting the Common Shares to AIM. The amendment to the Articles became effective on July 2, 2021.

Formation of KClean as the Tugaske SPV

On August 20, 2021, the Corporation incorporated KClean, the Tugaske SPV, as a wholly-owned subsidiary, which is intended to finance, own, construct and operate the Tugaske Project. The Corporation and HELM have agreed, in principle, on the material terms of the Shareholder Agreement that will govern the Tugaske SPV. The Shareholder Agreement has not yet been executed, pending HELM’s equity investment into the Tugaske SPV to earn its 33% interest in the Tugaske SPV, which is expected to occur concurrently with the closing of the Debt Facility at the time the Debt Facility is completed.

Pursuant to the terms of the near final form Shareholder Agreement, HELM will commit to invest \$50 million in the Tugaske SPV to earn a 33% interest therein. The Corporation will contribute \$105 million in cash consideration, and \$36.3 million in non-cash consideration through vending the Tugaske Project into the Tugaske SPV, for its 67% interest in the Tugaske SPV. The remainder of the funds required to construct and develop the Tugaske Project are anticipated to be provided by the Senior Lenders. While the Shareholder Agreement has been agreed to in principal between the Corporation and HELM, the Shareholder Agreement has not yet been executed and the final

terms of the Shareholder Agreement are subject to change. See “*Description of the Business – Commercial Contracts – Shareholder Agreement*”.

HELM Credit Facility

On August 27, 2021, KClean entered into a credit agreement with HELM providing for a \$5 million credit facility from HELM to KClean (the “**HELM Credit Facility**”). The HELM Credit Facility is to be used by KClean to pay expenses in connection with the development of the Tugaske Project until such time as the equity commitments in KClean from the Corporation and HELM are advanced. The HELM Credit Facility will mature upon the earlier of August 31, 2024 or such time as the HELM Credit Facility is repaid by KClean. The HELM Credit Facility bears interest at a rate of 2.5% per annum, payable on maturity. On October 19, 2021, KClean drew down \$1 million from the HELM Credit Facility. On January 31, 2022, KClean drew down a further \$1 million from the HELM Credit Facility.

Commitment Letter from HELM

On September 2, 2021, the Corporation entered into a commitment letter with HELM whereby HELM has agreed to invest, subject to certain conditions, \$50 million in equity into the Tugaske Project. The equity investment from HELM is subject to the completion of an equity offering by the Corporation in an amount of at least \$105 million, the completion of the Debt Facility and the approval of the board of directors of HELM.

Securing of Debt Facility for the Tugaske Project

On September 30, 2021, the Corporation received a binding commitment letter (the “**Debt Facility Commitment Letter**”) from the Senior Lenders and entered into an amendment to the Debt Facility Mandate Letter (the “**Amended Supplemental Debt Facility Mandate Letter**”), providing for, subject to certain conditions, the Debt Facility in an amount up to \$280 million to KClean. The Amended Supplemental Debt Facility Mandate Letter superseded the First Supplemental Debt Facility Mandate Letter and Second Supplemental Debt Facility Mandate Letter. The Senior Lenders have each agreed to underwrite 50% of the Debt Facility, or up to \$140 million each. The Debt Facility is proposed to be comprised of two tranches:

- (a) Tranche A is proposed to be a \$140 million fully amortizing term loan facility to be supported by credit insurance issued by ECA; and
- (b) Tranche B is proposed to be a \$140 million fully amortizing term loan facility not supported by credit insurance issued by ECA.

Conditions precedent to loan drawdowns include final approval of insurance coverage from the ECA, execution and delivery of certain customary documentation, equity expenditures and other customary conditions precedent typical for a project finance debt facility. For more information

with respect to the Debt Facility, see “General Description of the Business – Commercial Contracts – Debt Facility Commitment Letter and ECA Insurance Coverage”.

In connection with, and to support, the ECA-covered Tranche A, the Corporation has completed significant sourcing of German certificate-of-origin equipment and services (the “**Export Contracts**”). These Export Contracts consist of three main components: The process plant equipment design, supply and commissioning; the overall plant electrical and instrumentation and control system design, supply and commissioning; and general equipment and services supply contracts which will see some German and some international procurement and contracting activity to support the project. ECA has well defined rules and calculation procedures with respect to the specific products that are eligible for coverage and how the total coverage amounts are arrived at. The Corporation has complied with these rules and is now proceeding towards final ECA approval of the credit insurance document.

On December 30, 2021, the Corporation entered into extension letter extending the Debt Facility Commitment Letter to June 30, 2022.

Tugaske Project Technical Report

On October 19, 2021, the Corporation announced the completion of the Tugaske Project Technical Report and subsequently filed the Tugaske Project Technical Report on the Corporation’s SEDAR profile. The Tugaske Project Technical Report amended the Prior Tugaske Project Technical Report by, among other things, updating the base case values of both mineral resource and mineral reserve summary tables.

Private Placement Offering of Debentures

On October 19, 2021, the Corporation completed a non-brokered private financing of \$2,000,000 principal amount of 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 is June 30, 2023. The principal amount of each Debenture is convertible, in whole or in part, for no additional consideration, into 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 of June 30, 2023, and (ii) the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price equal to \$0.34 per Common Share.

As part of the financing, certain directors and officers of the Corporation purchased an aggregate of \$1,985,000 principal amount of Debentures. The remaining amounts were purchased by other employees of the Corporation.

Common Shares Admitted to Trading on AIM

On November 5, 2021, the Common Shares were admitted to trading on AIM. The Corporation sought the AIM Admission, in addition to its current listing on the TSXV, to take advantage of exposure to the United Kingdom and European financial markets and the increased liquidity expected with an additional listing on AIM. With the Corporation's relationship with the offtaker for the Tugaske Project, HELM, and the Senior Lenders, the Tugaske Project has generated interest from UK and European investors. Additionally, the Corporation's business plan of building future potash production modules around the world lends itself to obtaining increased liquidity through the global reach of the listing on AIM.

Acquisition of Block 59

On December 21, 2021, the Corporation announced the acquisition of an additional potash permit area ("**Block 59**"), through a public offering of subsurface mineral crown dispositions by the Government of Saskatchewan. Block 59 abuts the Corporation's existing leases, is approximately 7,244 hectares and represents a direct addition to KL 244 and KL 245. Block 59 is located immediately north of KL245 in the Rural Municipality of Huron No.223, which is the Tugaske Project. The total price paid to the Government of Saskatchewan for Block 59 was \$103,305, or \$14.26 per hectare of Crown mineral rights and was satisfied from existing cash resources. Management believes that this is a cost-effective addition to Gensource's potash asset base.

Base Shelf Prospectus

On December 10, 2021, the Corporation filed and obtained a final receipt for a final short form base shelf prospectus in each province in Canada, except Québec (the "**Base Shelf Prospectus**"). The Base Shelf Prospectus enables the Corporation to qualify the distribution of up to \$200,000,000 of any combination of Common Shares, warrants, subscription receipts, debt securities, and units during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any future offerings of securities by the Corporation, including the use of proceeds from any offering, will be established in a prospectus supplement filed with the applicable Canadian regulatory authorities. The Base Shelf Prospectus provides flexibility for the Corporation to take advantage of financing opportunities at its discretion and when market conditions are favourable.

Developments Since December 31, 2021

Eberhardt Settlement Agreement

February 11, 2022, the Corporation, HELM AG and Michael Ferguson entered into a mutual release and settlement agreement with Eberhardt with respect to the Eberhardt Claim (the "**Eberhardt Settlement Agreement**"). The Eberhardt Settlement Agreement resolves all matters arising from the Eberhardt Claim.

Renewal of Engagement of thinkHERO

April 1, 2022, the Corporation renewed its engagement of thinkHERO for investment relations services for a term of 12 months. In connection with the engagement, thinkHERO will receive \$7,800 per month and received 150,000 Options that are exercisable into Common Shares at an exercise price of \$0.38 per Common Share for a period of 5 years.

Innovare Transaction

On April 11, 2022, the Corporation entered into a binding agreement (the “**Innovare Purchase Agreement**”) to acquire 100% of the issued and outstanding shares of Innovare, a privately-held developer of patented selective solution mining and brine processing technology for the recovery of potash and other soluble minerals (the “**Innovare Transaction**”). The Corporation’s acquisition of Innovare’s shares will occur by way of a reorganization whereby Innovare’s existing shareholders will transfer the shares they hold in Innovare to the Corporation in exchange for Common Shares. Following completion of the reorganization, Innovare will exist as a wholly-owned subsidiary of the Corporation and Innovare’s intellectual property will be integrated with and controlled by the Corporation.

The closing of the Innovare Transaction values Innovare at approximately US\$11.5 million, which represents the current value of the Innovare Licensing Agreement. The Innovare Purchase Agreement remains subject to satisfaction of certain conditions precedent, including the approval of the TSXV, and is anticipated to close the second quarter of 2022. For more information with respect to the Innovare Licensing Agreement, see “Description of the Business – Commercial Contracts – Innovare Licensing Agreement”.

DESCRIPTION OF THE BUSINESS

General

Gensource is a fertilizer development company incorporated in Ontario and headquartered in Saskatoon, Saskatchewan, focused on advancing global food security by supplying key macronutrients at an affordable cost with a planned independent, scalable and environmentally sustainable and modular approach to potash production in Saskatchewan and around the world. The Common Shares are currently admitted to trading on the TSXV and the AIM. The Board and the Corporation’s senior management, have significant experience in establishing, developing, financing, operating and subsequently monetising potash companies in North America, as well as significant United Kingdom and international capital markets experience.

The Corporation’s primary focus is the development of the Tugaske Project, located in Saskatchewan. It is intended that the Tugaske Project will be executed through KClean, in which the Corporation is anticipated to have a 67% interest, with the remaining 33% interest being

held by the Corporation's offtake partner, HELM. As at the date of this AIF, KClean is a wholly owned subsidiary of the Corporation.

The Corporation believes its technology and business model has the potential to be the future for potash development. The Corporation operates under a business model that has two key components:

- (a) vertical integration with the intent of ensuring that all production capacity built is directed, and pre-sold, to a specific market, decreasing market-side risk. In the case of the Tugaske Project, it is expected that this will be accomplished through the Offtake Agreement with HELM; and
- (b) technical innovation which is expected to allow for a modular and economic potash production facility designed to produce 250,000-270,000 t/year of potash and powered by low carbon energy. By using selective solution mining techniques, salt tailings are avoided, and corresponding brine ponds are not required thus lowering decommissioning risks. The elimination of salt tailing and brine ponds is expected to remove a negative environmental aspect of potash mining.

The Corporation's core values are integrity, openness and forthrightness, innovation and social responsibility. The independent, scalable, and environmentally sustainable potash production modules that are proposed to be developed by the Corporation are approximately 10% of the size of a traditional potash project, use less surface land, extract potash more efficiently than traditional potash projects, place a smaller demand on shared utilities, and have a lessened impact on local community infrastructure and surrounding agricultural lands. Management believes that the Corporation's potash production modules are correctly sized to enhance rural communities in which the projects are located and provide long-term employment in those communities.

Following the construction of the Tugaske Project, the Corporation intends to develop other potash projects, within the wider Vanguard Area (the area in which the Tugaske Project is located) and the Lazlo Area, using the same potash production module as it is developing for the Tugaske Project. Further, the Corporation believes its modular approach will allow for the development of other known potash resources around the world where traditional large projects have proven uneconomic.

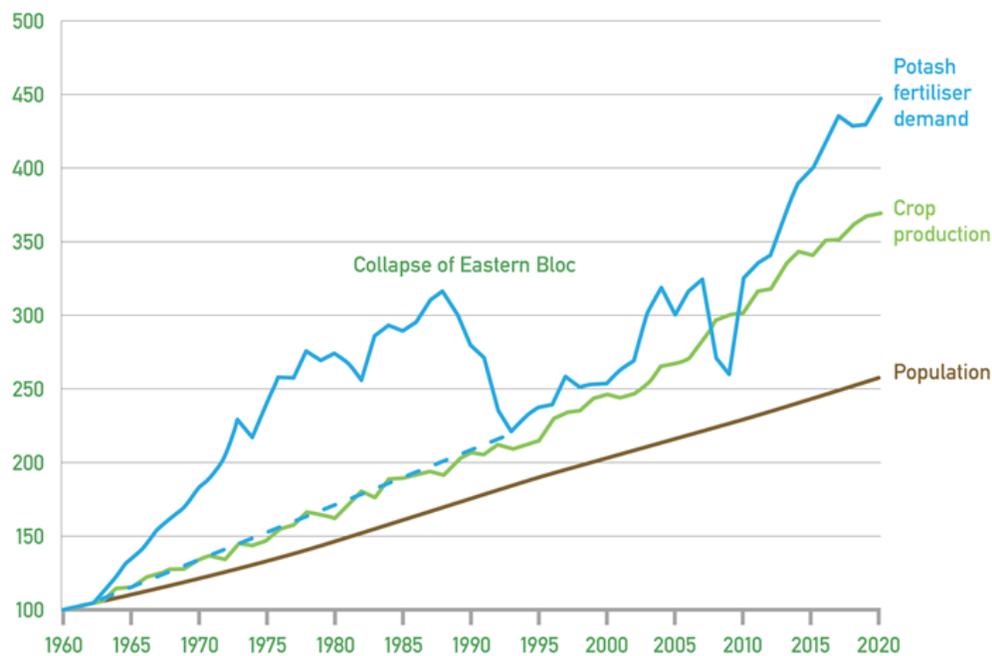
The subsurface mineral leases (KL 244 and KL 245), containing over 70,000 acres of Crown Mineral Lands available for potash mining comprising the Vanguard Area and the Lazlo Area mining leases are 100% owned by the Corporation, and in the case of the Tugaske Project, the Corporation will sublease a portion of KL 245 to the Tugaske SPV.

Potash Market Outlook

Demand for Potash Production

Management of the Corporation believes that potash is at the convergence of global demographic, social and environmental trends. As shown in Figure 1 below, since 1960, the global population has grown approximately 250%, crop production has grown approximately 350%, and demand for potash has grown approximately 450%. With the global population projected to grow to approximately ten billion by 2050 and, concurrently, an increase in urbanization, the world's rising middle class eating more meat and the use of land as nature preservations, it is expected that an increase in food production will be required¹. Potash is a necessary component in certain fertilizers that assist in the production of healthier soil, larger production yields and strengthens drought resiliency and has a much smaller environmental footprint than other chemical fertilizers (potash is not a chemical fertilizer and is organic by nature²).

Figure 1 – Global Population, Crop Production and Potash Demand from 1960 to 2020 (%)³



Global potash demand is expected grow at a 2% compound annual growth rate (CAGR) resulting in a total demand of 88.7 million tonnes by 2035. In the United States, MOP consumption has increased to 9.5 million tonnes per year. The five core regions shown in Figure 3 below account for 60% of the consumption of potash in the United States.

¹ Source: UN World Population Prospects 2019.

² Source: Canadian General Standards Board, Organic Production Systems

³ Source: UN World Population Prospects 2019; International Fertilizer Association; Argus Consulting.

Figure 2 – The Corporation’s Target Markets for Potash⁴

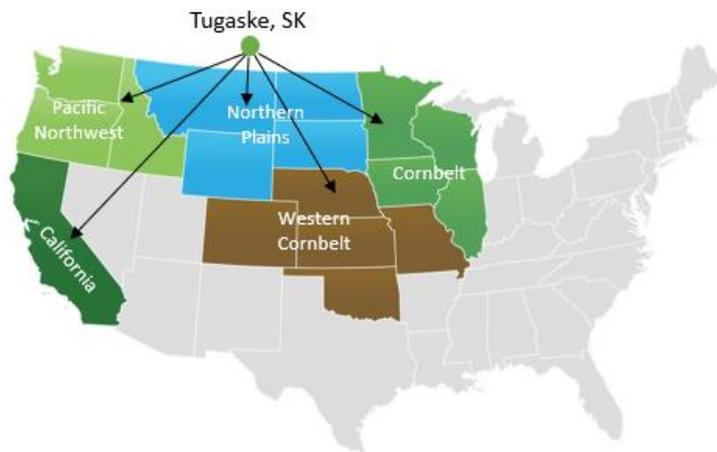


Figure 3 illustrates the 12-year price history of US wholesale potash prices. US Midwest wholesale potash prices have risen dramatically since mid-2020. Midwest potash prices hit a 12 year low of US \$235 per metric tonne in 2016 before recovering and ultimately reaching US \$809 per metric tonne in January 2022. The wholesale price of potash averaged US \$415 per metric tonne over the same time period.

Figure 3 – FOB Midwest Wholesale Benchmark Range⁵ (January 1, 2010 to April 1, 2022)

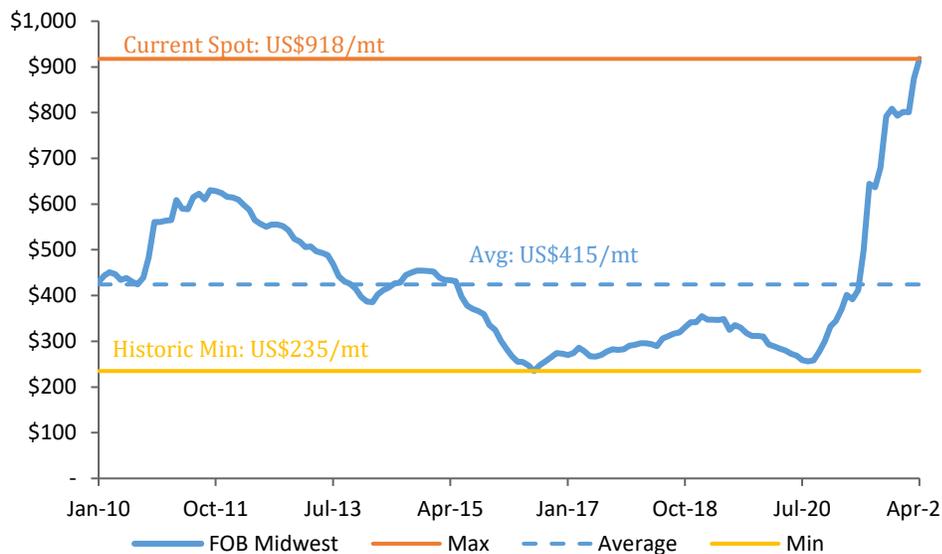
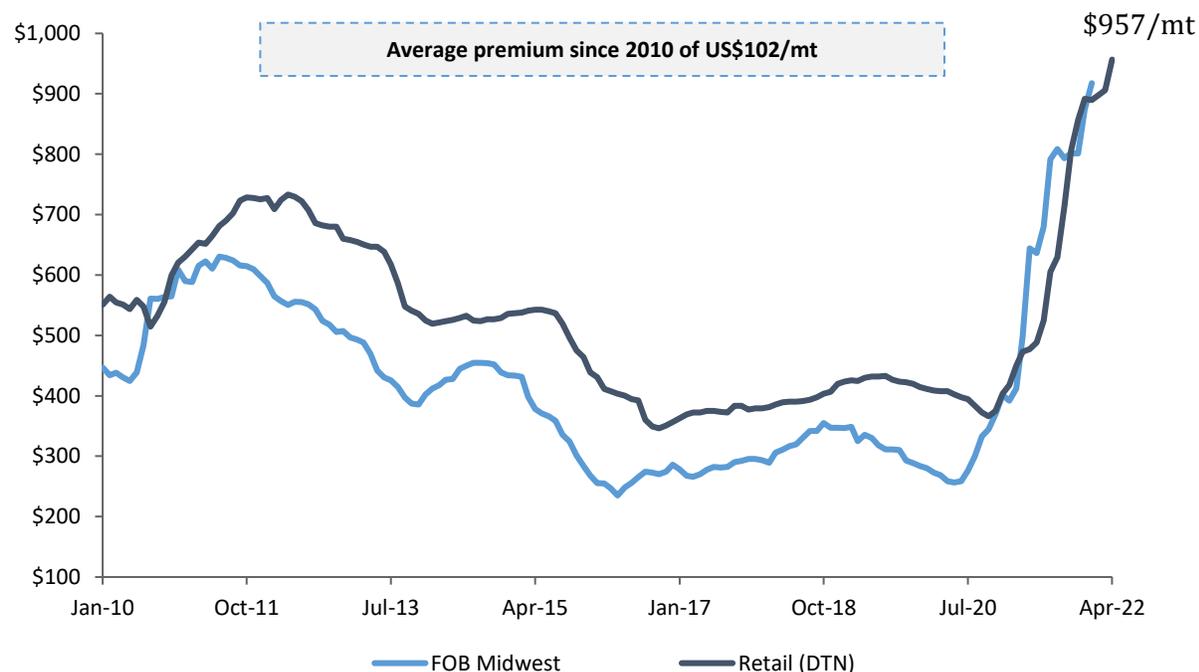


Figure 4 below shows the US average retail MOP price in relation to wholesale potash prices since 2010. The average retail premium to wholesale price approximated US \$102 per metric tonne over the 12-year time period.

⁴ Source: Argus Consulting, US Department of Agriculture

⁵ Source: CRU, January 1, 2010-April 1, 2022.

Figure 4– Average Retail Prices⁶ of Potash in the United States versus FOB Midwest Wholesale Price (January 1, 2010 to April 1, 2022)



The Offtake Agreement with Helm provides the Corporation with a pricing mechanism, via Helm’s distribution network, that is tied to the retail sale price of potash. Retail prices have historically been at sizable premium to wholesale pricing benchmarks, implying a benefit to Gensource’s margins. The Corporation believes that the closest wholesale benchmark to Gensource’s target market is the FOB Midwest Benchmark.

Potash Production Method

Conventional potash production methods are carbon-intensive, water-intensive and leave behind wasteful salt tailings and brine ponds. There are currently eleven operating mines in Saskatchewan, each with their own salt tailings.

Management of the Corporation believes that the Corporation has the potential for a net zero of carbon dioxide (CO₂) production by using a production method, independent, scalable, and environmentally sustainable potash production modules, that are expected to use power generated on-site from natural gas, rather than from burning coal, which is used by conventional potash production methods, which is expected to avoid approximately 24,000 tonnes per year in CO₂ emissions. The method is also: (a) designed to use 75% less water per tonne of potash than conventional potash production methods and has the ability to use a brackish water source, reducing freshwater usage; and (b) is expected to use less land than conventional potash

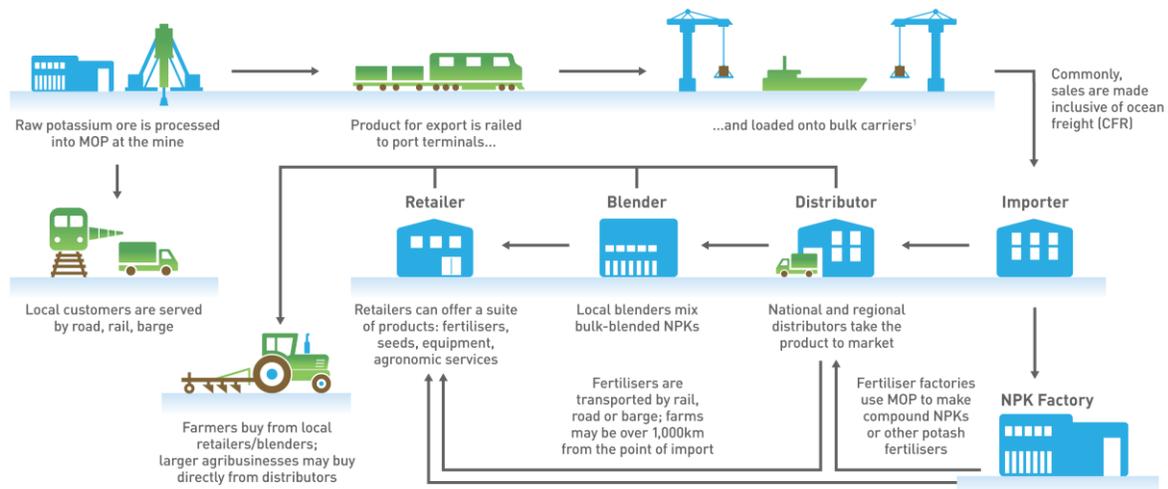
⁶ Source: CRU, DTN. Data based on the Potash National Average of the DTN Fertilizer Index, which is a composite of approximately 1,700 price bids from 300 retailers across the United States. January 1, 2010 – April 1, 2022.

production methods, with no salt tailings or brine ponds. For the longer term, the Corporation is also planning to invest in offsets and investigate pyrolysis waste-to-energy processes that can sequester carbon and provide fuel to the Corporation and study technology for the production of green hydrogen to replace natural gas consumption.

Distribution Method

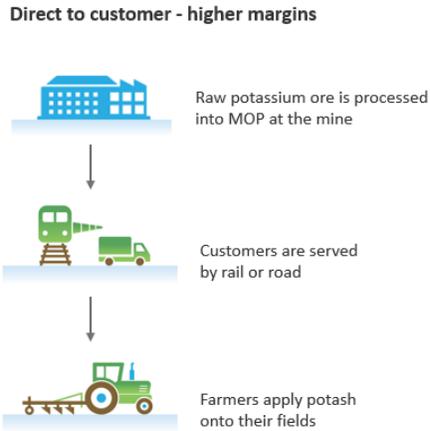
As shown in Figure 5 below, the conventional potash distribution method is the sale of potash on wholesale markets, which has a significant carbon footprint from the transportation of the potash. Large-scale complex potash supply chains involve multiple handling and reselling steps which increases the carbon footprint, adding to the difficulty in calculating Scope 3 emissions.

Figure 5 – Conventional Potash Distribution Supply Chain



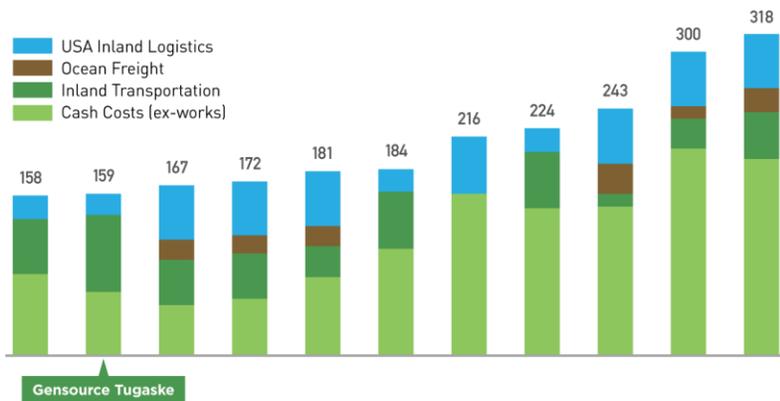
As show in Figure 6 below, the Corporation’s proposed vertical integration method delivers potash directly to customers in the United States in the key markets shown in Figure 2 above, which the Corporation expects will lead to higher margins and reduce risk and the environmental impact of distribution from a shorter distance to market.

Figure 6 – Vertical Integration



As shown in Figure 7 below, according to Argus Consulting Services, the Tugaske Project is expected to be delivered within the lowest quartile cost of potash sold in the Cornbelt. The province of Saskatchewan lies just across the border from the northern plains of the US with substantially all Canadian potash delivered by rail into the United States. It is expected that the potash derived from the Tugaske Project will benefit from such geographic proximities and logistics, owing to shorter distances to deliver potash to predominate potash markets.

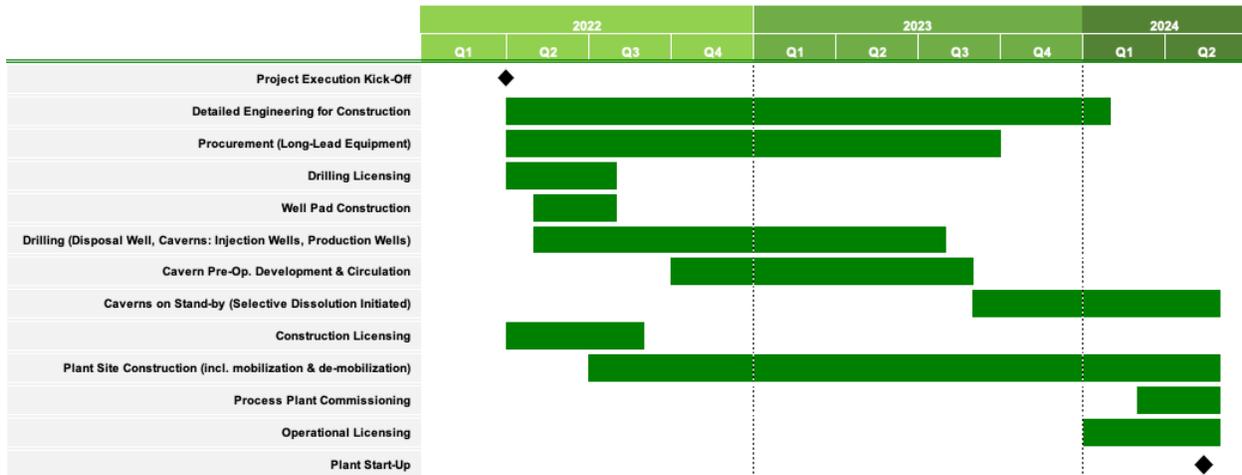
Figure 7 – Delivered Costs for the Tugaske Project (\$US per tonne potash)



Tugaske Project Construction Schedule

Figure 8 below sets out the Corporation’s anticipated construction schedule for the Tugaske Project as of the date of this AIF:

Figure 8 – Construction Schedule



Mineral and Land Rights

Subsurface Mineral Leases

In connection with the Tugaske Project, the Corporation has acquired an interest in KL 244 and KL 245. Pursuant to each of KL 244 and KL 245, royalties are payable to the Crown pursuant to Part 2 of the Subsurface Mineral Regulations. Rent is additionally payable under KL 244 and KL 245 at a rate of \$10 per hectare per annum for their initial 21 year terms (each expiring April 4, 2037), and thereafter increasing to \$20 per hectare for any subsequent term (unless the leaseholder has produced an aggregate of 100,000 tonnes of potash from the lease area, in which case rent continues at a rate of \$10/hectare).

The Corporation has additionally entered into 27 mineral leases with private mineral owners for the lease of approximately 880.21 hectares (2,175.0 acres) of surface lands, expiring on various dates between November 24, 2037 and July 22, 2040. Each such lease contemplates a royalty payable to the lessor, which is to be the greater of: (a) the royalty payable under the Subsurface Mineral Regulations, or (b) the royalty payable under Subsurface Mineral Regulations as of the effective date of the lease. Each such lease additionally contemplates rent payable to the lessor at a rate of \$1.00 per acre per annum.

KL 244

The lease dated August 30, 2016 grants, demises, and leases Subsurface Minerals under 16,562,832 hectares of Crown mineral lands with full and exclusive power and right, to the

Corporation, subject to any applicable law in force in the province of Saskatchewan, to explore for mine, work, recover, procure, remove, carry away and dispose of the said Subsurface Minerals.

The term of the lease is 21 years from April 5, 2016 and expiring on April 4, 2037. There is an option to extend the lease in accordance with the Subsurface Mineral Regulations.

The lease may be surrendered, cancelled or otherwise terminated pursuant to the terms of the CMA and the Subsurface Mineral Regulations. On termination, the Corporation must comply with all orders of the Minister respecting the preservation, clean up and restoration of the leased area and facilities in the leased area with respect to operations conducted by the Corporation.

KL 245

The lease dated August 30, 2016 grants, demises and leases Subsurface Minerals under 12,341,682 acres of Crown mineral lands with full and exclusive power and right, to the Corporation, subject to any applicable laws in force in the Province of Saskatchewan, to explore for, mine, work, recover, procure, remove, carry away and dispose of the said Subsurface Minerals. This lease includes the minerals that form the Tugaske Project.

The lease may be surrendered, cancelled or otherwise terminated pursuant to the terms of the CMA and the Subsurface Mineral Regulations. On termination, the Corporation must comply with all orders of the Minister respecting the preservation, clean up and restoration of the leased area and facilities in the leased area with respect to operations conducted by the Corporation.

Block 59

On December 21, 2021, the Corporation announced the acquisition of Block 59, through a public offering of subsurface mineral crown dispositions by the Government of Saskatchewan. For more information, see “General Development of the Business – Three Year History – 2021 – Acquisition of Block 59”.

Surface Option Agreement

The Corporation entered into a surface option agreement dated October 1, 2018, pursuant to which the Corporation was granted an option to purchase three parcels of land (NW Quarter Section 04, Township 22, Range 02, West of the Third Meridian, Extension 2; SW Quarter Section 04, Township 22, Range 02, West of the Third Meridian, Extension 2; and SE Quarter Section 04, Township 22, Range 02, West of the Third Meridian, Extension 2), which land is intended to be used for a refining and processing facility for the Tugaske Project. The current option period expires on September 26, 2022 but may be extended for one additional year upon payment by the Corporation of an extension fee. All option payments and extension fees to be credited against the purchase price.

Well Pad Lease Agreements

The Corporation has entered into five separate well pad lease agreements for the potash production wells that it intends to drill for the Tugaske Project. Each well pad lease agreement is for a term of 25 years during which the Corporation makes an annual gross rental payment. The Corporation also makes a one-time “compensation payment” during the first year of the agreement for severance, nuisance, noise, inconvenience and capital damage done to the leased lands and premises. There are additional fees for each additional well drilled on the leased well pad site. Further, the Corporation has entered into rights of way agreements with the applicable landowners to accommodate its planned pipelines between the wellfield and the process plant.

Commercial Contracts

Offtake Agreement with Third Party Agri-Business Company

Effective May 1, 2018, the Corporation entered into a definitive, binding off-take agreement with a large third-party agri-business company (the “**2018 Offtake Agreement**”). The 2018 Offtake Agreement included the following terms:

- (a) purchase of 100% of the production (subject to certain chemical composition specifications) from one of the Corporation’s proposed potash production modules of 250,000 tonnes (plus or minus 10%) of potash per year capacity. For clarity, this 2018 Offtake Agreement does not relate to the Tugaske Project, it is for a yet to be developed potash project of the Corporation;
- (b) preliminary marketing plan to facilitate Gensource’s goal of creating a direct link between a potash producing facility in Saskatchewan and the end user;
- (c) 10-year term with an option to renew for the life of this project;
- (d) right of first refusal for the off-taker to purchase any additional product that may be produced at this project either through de-bottlenecking or expansion of the productive capacity of the facility; and
- (e) right of first refusal to purchase this project should Gensource elect to sell any portion of it.

Gensource is required to use commercially reasonable efforts to achieve commercial production at the potash property to which the 2018 Offtake Agreement relates by May 2023. If commencement of commercial production is not achieved by May 2023, the 2018 Offtake Agreement may be terminated by either party. The Corporation has no current plans to develop the potash property to which the 2018 Offtake Agreement relates.

HELM MOU

On May 22, 2019, the Corporation confirmed that it had entered into a non-binding MOU with HELM and a third party to form a joint venture company in order to develop the Tugaske Project within the Vanguard Area. HELM is among one of the largest fertilizer distributors in the US, whom have previously participated in large methanol and other fertilizer projects. The terms of the agreement signed by the three parties included:

- (a) A non-binding MOU for an offtake agreement with HELM. The MOU has now been replaced by the Offtake Agreement.
- (b) A non-binding MOU with HELM for a direct equity investment into a joint venture company, alongside Gensource and the other third-party investor. The equity investment was proposed to be in the form of cash and equal to more than 25% of the ownership of the joint venture company. In addition to the proposed equity investment, the MOU also proposed that HELM would introduce senior debt providers to the Tugaske Project to assist in the financing of the Tugaske Project.

The Offtake Agreement

On May 7, 2021, the Corporation entered into the Offtake Agreement with HELM with respect to the Tugaske Project. Under the terms of the Offtake Agreement, HELM will purchase and the Corporation will sell 100% of the potash production (subject to certain chemical composition specifications) from the Tugaske Project produced in accordance with a production schedule established by the Corporation under the Offtake Agreement for 10 years, which term will automatically be extended for successive periods of five years provided that neither party terminates the Offtake Agreement by giving at least two years' notice of such termination, and markets that potash product through to its customers in the US market. HELM has the right, but is not obligated, to purchase potash production that does not meet certain chemical composition standards and, to the extent that HELM does not purchase this production, the Corporation is able to sell this production to other purchasers.

Pursuant to the Offtake Agreement, the price paid by HELM to the Corporation for the potash production will be determined by deducting from the sale price for the potash received by HELM certain deductions reasonably incurred by HELM, including exchange rate, insurance and transportation costs, and HELM's marketing fee. The Offtake Agreement also contains an audit provision.

In the event that the Corporation is not able to meet the production schedule established by the Corporation pursuant to the Offtake Agreement, HELM shall be entitled to replace such production in order to meet its delivery requirements to its customers by making cover purchases of potash at the expense of the Corporation.

Pursuant to the Offtake Agreement, if HELM fails to take delivery of potash produced at the

Tugaske Project and such failure results in a slowdown or shutdown of operations at the Tugaske Project and the Corporation provides notice to HELM of such slowdown or shutdown due to HELM not taking delivery of such potash (the “**Shortfall Amount**”), the Corporation is free to market and sell any quantity of the Shortfall Amount to any arm’s length party for its own benefit. For any sale of the Shortfall Amount by the Corporation, HELM will be required to pay the difference between the netback sales price invoiced by Corporation for the sale of the Shortfall Amount.

The Offtake Agreement is available on the Corporation’s profile on SEDAR at www.sedar.com.

KfW and SocGen Mandate

On October 9, 2019 the Corporation entered into the Debt Facility Mandate Letter. The Amended Supplemental Debt Facility Mandate Letter superseded the First Supplemental Debt Facility Mandate Letter and Second Supplemental Debt Facility Mandate Letter. For more information, see “General Development of the Business – Three Year History – 2019 - Formal Mandate of KfW to Act as Lead Arranger of the Debt Facility”.

Following an extensive due diligence process, the Corporation entered into the Debt Facility Commitment Letter. On December 30, 2021, the Corporation entered into extension letter extending the Debt Facility Commitment Letter to June 30, 2022. For more information, see “General Development of the Business – Three Year History – 2021 - Securing of Debt Facility for the Tugaske Project”.

Debt Facility Commitment Letter and ECA Insurance Coverage

On September 30, 2021, the Corporation received the Debt Facility Commitment Letter and entered into the Amended Supplemental Debt Facility Mandate Letter, to provide for, subject to certain conditions, a debt facility in an amount up to \$280 million to the KClean (the “**Debt Facility**”). The Senior Lenders have each agreed to underwrite 50% of the Debt Facility, or up to \$140 million each. The Debt Facility is proposed to be comprised of two tranches:

- (a) Tranche A is proposed to be a \$140 million fully amortizing term loan facility to be supported by credit insurance issued by ECA; and
- (b) Tranche B is proposed to be a \$140 million fully amortizing term loan facility not supported by credit insurance issued by ECA.

Work on the definitive loan agreement and associated documentation with respect to the Debt Facility is underway. Execution of the loan documentation is subject to certain conditions including ECA approval and other customary conditions typical for transactions of this nature, each of which is expected to be achieved in parallel with completion of the loan documentation. The advance of the Debt Facility by the Senior Lenders is also conditional upon the Corporation and HELM advancing their respective \$105 million and \$50 million equity commitments to the Tugaske SPV and such funds being expended by the Tugaske SPV on the development of the Tugaske Project.

A summary of the proposed terms of the two tranches of the Debt Facility is as follows:

Proposed Tranche A Facility:

- (a) \$140 million;
- (b) Term of 9 years;
- (c) Interest base rate of 3-month Canadian dollar offered rate plus respective margin;
- (d) Purpose is to fund key equipment and service provider contracts with German suppliers which are eligible for export credit cover;
- (e) Export credit guarantee to be issued by ECA;
- (f) Interest capitalized during construction of the Tugaske Project;
- (g) Fully amortizing loan facility, early repayment permitted without penalty, upon notice; and
- (h) Subject to standard bank fees.

Proposed Tranche B Facility:

- (a) \$140 million;
- (b) Term of 8 years;
- (c) Interest base rate of 3-month Canadian dollar offered rate plus respective margin;
- (d) Purpose is to fund the remaining capital spend for the Tugaske Project as identified in the detailed capital cost estimate;
- (e) Interest capitalized during construction;
- (f) Fully amortizing term loan facility, early repayment permitted without penalty, upon notice; and
- (g) Subject to standard bank fees.

Under the lead of KfW, the Tugaske Project is eligible for insurance coverage under the ECA. The ECA is an export credit guarantor that serves as a foreign trade promotion instrument of the Federal Republic of Germany. By providing an export credit guarantee in the form of insurance on the exports of services, materials, equipment, etc. from Germany, the ECA helps protect German companies in the event of non-payment by foreign debtors.

This insurance is seen as a risk-reduction of loan default by the Senior Lenders, and has resulted in more favourable debt financing terms. The management of the guarantees are led by ECA; however, the decision to underwrite such transactions is ultimately made by an inter-ministerial committee of the German government. In order to be eligible for insurance coverage under the ECA, a certain portion of the Debt Facility covered by the ECA insurance coverage must be used to purchase products and services from Germany and certain other eligible products and services.

HELM Credit Facility

Effective August 27, 2021, KClean entered into HELM Credit Facility. For more information, see “General Development of the Business – Three Year History – 2021 – HELM Credit Facility”.

Shareholder Agreement

The Tugaske Project will be executed through the Tugaske SPV, which will be governed by the terms of a shareholder agreement (the “**Shareholder Agreement**”). It is anticipated by the Corporation that the Shareholder Agreement will be executed at such time as HELM purchases its 33% interest in the Tugaske SPV.

Pursuant to the Shareholder Agreement, HELM will agree to invest \$50 million into the Tugaske SPV and to provide guarantees for certain accounts included in the debt financing for a 33% interest, while the Corporation will agree to contribute \$105 million in cash consideration, and \$36.3 million in non-cash consideration through vending the surface leases, land option agreement, well licenses, permits, easements, other contracts relating to the Tugaske Project area, and related Tugaske Project assets (including goodwill relating to the Tugaske Project) into the Tugaske SPV, for a 67% interest.

While the Shareholder Agreement has been agreed to in principal between the Corporation and HELM, the Shareholder Agreement has not yet been executed and the final terms of the Shareholder Agreement are subject to change.

The development phase of the Tugaske Project is proposed to be managed, overseen, and executed under the direction of a project steering committee formed by Gensource and HELM under the terms of the Shareholder Agreement. Following commencement of operations, it is anticipated that Gensource will act as operator of the Tugaske Project for an initial period of 5 years, renewable at the option of the Tugaske SPV for an additional 5 year term upon 60 days’ notice to Gensource. The terms of such operation and maintenance by Gensource are to be set out in the Operations and Maintenance Agreement, the terms of which have been negotiated and agreed to, but has not yet been executed.

Royalty Agreements

On October 11, 2019, the Corporation completed the sale of two potash production royalties (the “**Vanguard Royalties**”) with respect to the Vanguard Area.

The total purchase price paid for the Vanguard Royalties was US\$6 million (US\$4.5 million with respect to the 1.5% royalty and US\$1.5 million with respect to the 0.5% royalty), which purchase price was required to be used by the Corporation for exploration and development expenditures in the Vanguard Area. The Vanguard Royalties are governed by gross overriding royalty agreements entered into between the Corporation and each of HELM (with respect to a 0.5% royalty) and 11664735 Canada Inc. (with respect to a 1.5% royalty). The Corporation paid a cash commission of US\$120,000 to ROC Global LLC in consideration for services provided in sourcing the Vanguard Royalties.

Initially, the Vanguard Royalties are comprised of two interim royalties (of 0.5% and 1.5%, as set out above, for a total of 2%) on the gross revenues on all production from the Vanguard Area

(whether under KL 244 or KL 245). However, once a certain triggering event occurs, the Vanguard Royalties will instead comprise two royalties (of 0.5% and 1.5%, as set out above, for a total of 2%) of the gross revenues on all production from the first potash production facility of the Corporation located in the Vanguard Area that is designed to have an estimated annual production capacity of 250,000 metric tonnes (*i.e.* the royalty is reduced from the entire Vanguard Area to a single project).

The particular triggering event for each royalty is either:

- (a) the production facility producing 250,000 metric tonnes of potash per year, and the royalty owner having received aggregate royalty payments from the Corporation pursuant to its applicable interim royalty (such payment being US\$1.5 million for HELM, and US\$4.5 million for 11664735 Canada Inc.); or
- (b) the production facility producing 150,000 metric tonnes of potash during the first year following commencement of production, and the Corporation making a termination payment with respect to the interim royalty to the royalty owner (such payment being US\$1.5 million for HELM, and US\$4.5 million for 11664735 Canada Inc.). The termination payment is reduced on a dollar for dollar basis for all royalty payments made to the royalty owner pursuant to the applicable interim royalty.

It is assumed that the Tugaske Project will be the first potash production facility of the Corporation in the Vanguard Area designed to have an estimated annual production capacity of 250,000 metric tonnes, and that one of the two above triggering events will occur with respect to the Tugaske Project. Accordingly, it is assumed, for the purposes of the ensuing paragraphs that the Vanguard Royalties will relate to the Tugaske Project.

Based on this assumption, the Vanguard Royalties are to be calculated and paid quarterly once the Tugaske Project begins production. The Vanguard Royalties are payable on a maximum of 275,000 metric tonnes of potash production per year. To the extent that additional potash is produced by the Corporation at the Tugaske Project above 275,000 metric tonnes per year, the calculation of the royalty will be prorated to a production rate of 275,000 metric tonnes per year. The Vanguard Royalties run with the mineral claims to which the Vanguard Royalties apply and have been registered as interests on such mineral claims. The Vanguard Royalties prevent the Corporation from granting additional royalties with respect to the Vanguard Area, prior to the triggering event, or the Tugaske Project following the triggering event.

Innovare Licensing Agreement

On January 1, 2017, the Corporation entered into the Innovare Licensing Agreement, pursuant to which the Corporation agreed to pay Innovare a licensing fee for use of the Innovare Intellectual Property, to be calculated as an amount equal to 3.0% of the Corporation's operating income related to potash produced and sold by the Corporation using the Innovare Intellectual Property, less the costs of the potash produced, calculated as set forth in the Innovare Licensing Agreement

(the “**Innovare Royalty**”). The Innovare Royalty shall be payable quarterly, in arrears, within 90 days following the end of each quarter once production on the Tugaskie Project begins. The Corporation has also engaged Innovare to provide certain consulting services to the Corporation in connection with the Tugaskie Project. The consulting services are provided by Innovare through three of its employees, Max Ramey, John McEwan and Sandy Debusschere.

On April 11, 2022, the Corporation entered into the Innovare Purchase Agreement to acquire 100% of the issued and outstanding shares of Innovare. For more information, see “General Development of the Business – Three Year History – 2021 – Innovare Transaction”;

Letter Agreement with ROC Global LLC

Pursuant to a letter dated June 21, 2019 and amended by a letter agreement dated February 12, 2021, the Corporation appointed ROC Global LLC to act as the Corporation’s exclusive financial advisor and investment banker to assist the Corporation in connection with its efforts to obtain an offtake agreement. The Corporation has agreed to pay an offtake fee if it enters into definitive offtake agreements within 24 months of termination of the letter agreement. This offtake fee is payable once all of the following events have occurred: (i) HELM completing its equity investment in KClean; (ii) Gensource completing its equity investment in KClean; and (iii) the final agreements for the Debt Facility having been entered into.

Further, the Corporation has agreed to pay market fees for the closing of equity investments (excluding the equity investment from HELM and certain other equity investments), debt financing and any potential sub-debt, stream or royalty financings. The letter agreement may be terminated no earlier than December 31, 2021, by either party on 10 business days’ notice to the other.

Broker Agreement with Tennyson Securities

Pursuant to an agreement dated January 1, 2021, the Corporation appointed Tennyson Securities to act as introducing broker to the Corporation for the purpose of seeking investors in the United Kingdom and/or Europe. The Corporation agreed to give Tennyson Securities the opportunity to act as lead broker in connection with any equity-linked capital raising in the public or private capital markets in the United Kingdom or Europe, the terms for which are to be agreed in an engagement letter. The terms of the agreement expired on December 31, 2021 and have been extended by the parties until June 30, 2022.

Contracts Relating to the AIM Admission

Introduction Agreement

Pursuant to the introduction agreement dated November 1, 2021 between the Corporation, the Directors, Strand Hanson and Peel Hunt (the “**Introduction Agreement**”), Strand Hanson agreed, subject to certain conditions, to act as the Corporation’s nominated adviser in connection with

the AIM Admission and Peel Hunt agreed, subject to certain conditions, to act as the Corporation's broker in connection with the AIM Admission.

Lock-in Deed

The Directors, and certain executive officers have each entered into lock-in agreements with Strand Hanson and Peel Hunt (the "**Lock-in Agreements**") pursuant to which each Director and certain executive officers (the "**Locked-in Shareholders**") has undertaken that, in accordance with Rule 7 of the AIM Rules for Companies, subject to limited exceptions, he or she will not dispose of any interest in Common Shares until November 5, 2022. The limited exceptions include the acceptance of a takeover offer for the Corporation, the execution of an irrevocable commitment to accept such an offer, a disposal following the death of a Locked-in Shareholder to his or her personal representatives or to the beneficiaries of his estate, a disposal pursuant to a court order or as required only to realise sufficient proceeds to cover the cost of the Shareholder exercising any existing options over Common Shares together with any associated tax liability due and payable at the point of exercise, provided always that such exception shall only relate to options which expire during the restricted period.

Each Locked-in Shareholder has also undertaken that, during the period of 12 months from the first anniversary of the date of the AIM Admission, he or she will not dispose of any Common Shares unless such disposal is made with the consent of Strand Hanson and Peel Hunt on an orderly market basis through the Corporation's appointed broker (provided that the terms offered by such broker are competitive).

Peel Hunt Broker Agreement

The Corporation has also appointed Peel Hunt as its broker on an ongoing basis pursuant to an agreement dated November 1, 2021. The Corporation is required to appoint a broker in order to maintain its listing on AIM. The engagement commenced on the AIM Admission and will continue thereafter until terminated by the Corporation. The Corporation has agreed to pay Peel Hunt an annual retainer fee in connection with its ongoing broking services. Under the agreement, the Corporation has given certain customary undertakings and indemnities to Peel Hunt in connection with its engagement.

Nominated Adviser Agreement

A nominated adviser agreement dated November 5, 2021 was entered into between Strand Hanson and the Directors of the Corporation (the "**Nomad Agreement**"), pursuant to which Strand Hanson has agreed to act, following the AIM Admission, as the Corporation's nominated adviser as required by the AIM Rules. The Nomad Agreement provides for a minimum term of 12 months and thereafter is terminable by either party (without cause) on 1 month written notice. The Nomad Agreement provides for the Corporation to pay Strand Hanson an annual fee.

The appointment will terminate immediately in the following circumstances, among others: (i) on Strand Hanson giving written notice to the Corporation in certain customary circumstances including, without limitation, if there is a material breach by the Corporation or any of the Directors of its obligations under the Nomad Agreement or of the AIM Rules (which, where capable of remedy, remains unremedied within seven days of a request therefor by Strand Hanson); (ii) forthwith if Strand Hanson is removed for any reason from the register of nominated advisers maintained by the London Stock Exchange; (iii) by the Corporation giving written notice if there is a material breach by Strand Hanson of its obligations under the Nomad Agreement, where such breach has not been remedied within seven days; or (iv) if the Common Shares are suspended from trading on AIM for more than 14 days for reasons other than by virtue of the type of transaction contemplated by Rules 14 or 15 of the AIM Rules or they cease to be admitted to trading on AIM.

Tugaske Project

Tugaske Project Technical Report

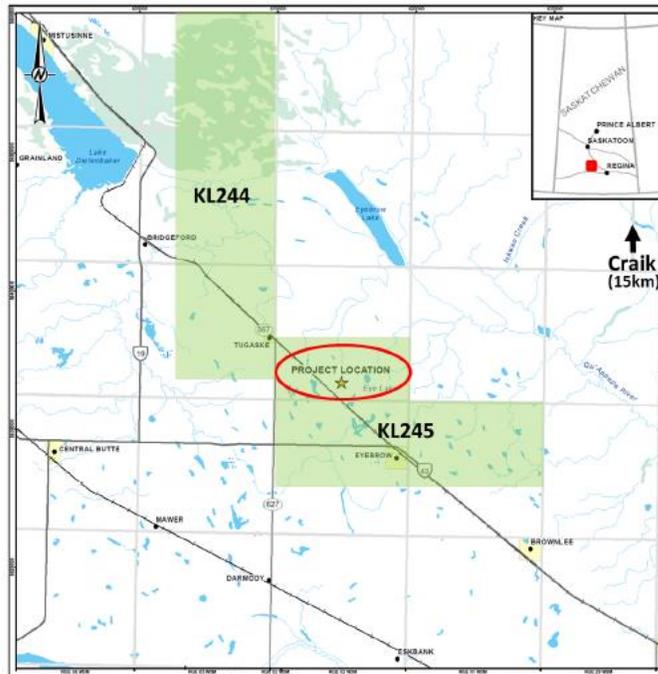
The information set out below has been derived from and is based in part on the Tugaske Project Technical Report as filed by the Corporation on SEDAR on October 20, 2021, titled “Technical Report Summarizing the Tugaske Project, Saskatchewan”. The Tugaske Project Technical Report was prepared by the Authors with an effective date of May 16, 2021. The report was prepared by the Authors, who are all Qualified Persons.

Project Description, Location and Access

The first module to be constructed in the Vanguard Area, the Tugaske Project, will be located on Section 4, Township 22, Range 02, West of the Third Meridian (4-22-2-W3M), approximately 6 kilometres (km) southeast of the Tugaske Project. The plant site and well field are wholly within the Rural Municipality of Huron No.223 on the KL 245 lease in the Vanguard Area. The Tugaske Project is situated near the essential utilities and infrastructure required for an industrial project, including: rail, roads, natural gas, power, etc. See Figure 1 below for the Vanguard Area and Tugaske Project’s location map. The Tugaske Project is approximately 170 km south of Saskatoon and 150 kilometres northwest of Regina (Saskatchewan’s two largest cities), with the closest city being Moose Jaw, approximately 70 kilometers to the southeast. The Vanguard Area is connected by an existing network of municipal grid roads, provincial highways, and a rail line, which provide access among the various communities within the region. The Tugaske Project can be accessed from Highways 19, 42, and 367 in Saskatchewan, and the Canadian Pacific Railway rail line which runs directly adjacent to the Tugaske Project site.

Other than occasional small bodies of water, there are no significant geographical surface access barriers, and surface access is largely dependent on favourable surface usage negotiations with local landowners in the Vanguard Area, all of which have been obtained.

Figure 1: Vanguard Area and Tugaske Project Location Map



History

In 2017, Gensource completed a detailed feasibility study for a module in the Vanguard Area, referred to at the time as the “Vanguard One Project” (Engcomp, 2017) (the “Vanguard One Feasibility Report”). The Vanguard One Feasibility Study Report was subsequently summarized and disclosed in the previous NI 43-101 technical report by Fourie et al. in 2018. The Tugaske Project module is a minor modification to the Vanguard One Project module, as specific design parameters were adjusted to suit requirements of the intended potash market. The intent of the Tugaske Project (and its ownership partners) is to direct the pre-sold product from the Tugaske Project module to the North American potash market, which is predominantly in the U.S. As such, the Tugaske Project module has been updated to suit the demands of these potash customers. Such modifications affected the final product specification, as well as the desired product storage, loading and hauling strategy. The details for the Tugaske Project are supported by the majority of the information initially developed for the Vanguard One Project, due to the similarity of the designs between these two modules.

Gensource has advanced several aspects of the Tugaske Project, successfully completing additional prerequisite tasks and milestones required to move the Tugaske Project to the next stage of development: financing, detailed engineering, procurement, construction and commissioning. Such efforts included additional exploration (resource confirmation) drilling and geological studies, securing a buyer (referred to as the “**offtaker**”) for 100% of the intended production from the Tugaske Project, arranging for senior debt, finding potential equity partners, and advancing engineering and design efforts to suit the requirements of the partners in the

Tugaske Project and specifically addressing the offtaker's intended market. These efforts of the Corporation resulted in an updated detailed Tugaske Project Feasibility Report, followed by additional FEED work that was summarized in the Tugaske Project FEED report (Gensource, 2020). Both reports were used by the debt and equity groups under non-disclosure agreements and reviewed as part of the debt due diligence process by independent consultants. The purpose of Tugaske Project Technical Report is to summarize the updates made to the Tugaske Project since disclosing the previous NI 43-101 technical report (Fourie et al., 2018).

The Tugaske Project has been updated to suit the demands of the potash customers in the U.S., driven by the offtaker and marketing plan for the Tugaske Project. Such modifications affected the final product specification (i.e., granular grade MOP, SGN 300, pink in colour), as well as the desired product storage, loading and hauling strategy (i.e., traditional bulk). The details for the Tugaske Project are supported by the relevant information developed as part of the Vanguard One Project Feasibility Study in 2017. A detailed Tugaske Project Feasibility Report was prepared in February 2020, and shared confidentially to support project finance due diligence reviews.

Concurrent to the Tugaske Project finance due diligence, follow-on work was completed by the Tugaske Project team to not only support due diligence, but to also continue to prepare the Tugaske Project for full execution. The work was completed by Gensource and key members of its integrated team: lead engineering consultant, Engcomp, and the general construction contractor, South East Construction. These efforts formed part of FEED. FEED is defined as: "the basic engineering that follows a conceptual design or feasibility study and is used as the basis for the detailed engineering phase". In order to help ensure the Tugaske Project is ready for execution upon successful project financing, the FEED effort has accomplished the following:

- (a) completed key engineering trade-off studies and value engineering activities, finalizing any unresolved equipment selection and specification details for major components and systems;
- (b) obtained current pricing for majority of the capital costs previously estimated;
- (c) identified key procurement packages, and engaged proponents capable of delivering these packages;
- (d) incorporated additional risk mitigations into design, costing, scheduling, etc.;
- (e) advanced organizational details, and began early identification and recruitment for key project and operational roles;
- (f) began the development of project management systems, including tools and templates that will be used to plan, execute, and monitor and control the work;
- (g) began the negotiation of key contracts for the Tugaske Project; and

- (h) continued engagement of the local communities, government agencies, third-party (offsite) utility providers, etc. so that they are prepared and ready to support the Tugaske Project when it officially moves forward.

Table 1: Tugaske Project Highlights

Parameter	Results
Production capacity & specification:	250,000 tonnes per year of final saleable product, 60% K ₂ O, granular grade (SGN 300), pink or white/clear ("MOP", or "potash")
Mine life:	58+ years based on Patience Lake sub-Member 1 (PLM 1) Reserve only (note: economics only considers 40 years of full production)
Mining method:	Selective solution mining using horizontal caverns
Processing:	Cooling crystallization incorporating innovative energy efficiency measures
Product storage and loadout:	25,000 short tons of combined on-site product storage capacity between a product storage warehouse and bulk rail car storage track. Ability to load and ship product via bulk rail and/or bulk truck
Product transport and logistics:	A rail spur is planned to the plant site to allow all product to be transported by rail. The Project's Offtaker will take title to the product FCA mine site; as such, there are no transportation and logistics costs (shipping) borne by Gensource or the Project. All transportation and logistics costs appear as deductions to the net-back price received for the product.
CAPEX:	\$CAD 353.6 Million, including 10% contingency (≈\$US 261.9 Million)
Construction:	24-month construction period, including commissioning and start-up. Peak construction work force of approximately 150.
OPEX:	\$CAD 64.10/t final product (\$US 47.48/t). The major components of OPEX are natural gas delivered to site at \$CAD 3.12 /GJ and operating personnel count of 46 full-time staff.
Sustaining CAPEX:	Average annual sustaining capital of \$CAD 21.24/t (\$US 15.73/t) per year, including full cavern (6) and pipeline replacement every 12 years.

A fundamental product of the FEED effort was an updated CCE, which is also referred to as the CAPEX. Key aspects incorporated into the updated Tugaske Project's CAPEX estimate are:

- (a) the integration of German content (vendors) into the Tugaske Project;
- (b) inclusion of escalation since the original CCE was completed, bringing procurement and pricing up to date; and
- (c) inclusion of a number of risk-mitigating items as deemed prudent by the Corporation in consultation with the Senior Lenders' independent engineer.

The total CAPEX for the Tugaske Project is estimated at \$352.0 million, including \$33.6 million of contingency (approximately 10% of total cost). The CAPEX is based on engineering and cost estimating methods and levels of effort sufficient to support an AACE International Class 3 CCE. The following is a summary of the CAPEX summarized by Project Work Breakdown Structure (WBS) Area.

Table 2: CAPEX Estimate by Area

Work Breakdown Structure (WBS) Area	CAPEX (M\$)
100 – Mining	\$30.8
200 – Well Field	\$17.1
300 – Process Plant	\$96.9
400 – Product Storage & Loadout	\$15.8
500 – Site Infrastructure	\$23.5
600 – Offsites	\$7.9
700 – Non-Process Facilities	\$29.9
900 – Project Indirects	\$96.6
SUB-TOTAL (Pre-Contingency)	\$318.5
980 – Contingency	\$33.6
GRAND TOTAL	\$352.1

No “management reserve” (also known as “risk reserve” or “owner’s reserve”) has been included in the CAPEX; but instead, a separate cost overrun account is being negotiated with the Senior Lenders as part of the Debt Facility. The financial performance of the Tugaske Project was re-evaluated during FEED, once again using a DCF analysis. While CAPEX and OPEX were added to the Tugaske Project to account for both identified and unidentified risks, the overall project financing package has also been defined. The financing package includes costs for not only CAPEX, but also other financing costs, including: fees, closing costs, ECA premiums, interest during construction, cost overrun account, debt service reserve account, price protection account, and other senior lender credit enhancements. Incorporating these financing costs with the revised CAPEX and OPEX into the updated financial model (which, at the effective date of the Tugaske Project Technical Report is undergoing its final audit process), it has been found that the Tugaske Project remains financially robust, demonstrating attractive economics.

Geological Setting, Mineralization and Deposit Types

A generalised stratigraphy of the Vanguard Area, where the Tugaske Project is located, is presented in Table 3 below. The uppermost sequences, the Laurentide Drift is the remnant of Laurentian ice sheets and comprises, among others, glacial tills, gravels clays, and contains freshwater aquifers. It is approximately 500 m thick in the area.

The rest of the succession is divided into a clastic dominated section stretching from below the glacial sediments to the Triassic – Mississippian boundary, with the lower section, down to the Cambrian Deadwood Formation being dominated by dolomites, limestones and evaporites. The entire sedimentary succession rests unconformably on Precambrian Basement, which itself contains a significant Archean crustal component, affected by the Trans-Hudson Orogeny.

The Elk Point Group, of Middle-Devonian age, is laterally extensive stretching over 400 km from East-Central Alberta to Western Manitoba. It contains the evaporite beds which hosts deposits of halite, sylvite, carnallite and anhydrite. It lies unconformably on the Interlake Formation and is

itself unconformably overlain by the Middle-Devonian Dawson Bay Formation. The Evaporites of the Elk Point Group are contained within the Prairie Evaporite Formation. The contact between the Prairie Evaporite Formation and the overlying Dawson Bay Formation is marked by a red shale formation, called the “Second Red Beds”.

Table 3: Modified Stratigraphy Of The Vanguard Area

South-Central Saskatchewan Stratigraphy (Modified)			
Period	Group	Member	Lithology
Quaternary	Laurentide Drift		Glacial Sediments
		Lea Park Formation	Shale, siltstone
Cretaceous	Colorado Group	1st White Speckled Shale	Shale
		Shale	Shale
		2nd White Speckled shale	Shale
		Shale	Shale
		Fish Scale Zone	Shale
		Viking Formation	Sandstone, conglomerate
	Joli Fou Formation	Shale, minor sandstone	
		Mannville Group	Pense Formation
	Cantuar Formation		Sandstone, shale, siltstone
Jurassic		Upper Shaunavon Formation	Sandstone, limestone, shale
		Lower Shaunavon Formation	Limestone, shale
		Upper Gravelbourg Formation	Sandstone, limestone, mudstone
		Lower Gravelbourg Formation	Dolomitic limestone, shale
		Upper Watrous Formation	Evaporites (masive anhydrite)
Triassic		Lower Watrous Formation	Red shales, mudstones
Mississippian	Madison Group	Lodgepole / Souris Valley Formation	Limestone, chert
	Three Forks Group	Bakken Formation	Siltstone
Big Valley Formation		Shale, chert	
		Torquay Formation	Dolomite, siltstone, shale
Devonian	Saskatchewan Group	Birdbear Formation	Limestone
		Duperow Formation	Limestone, dolomite, anhydrite
	Manitoba Group	Souris River Formation	Limestone, dolomite, anhydrite
		Davidson Evaporite	Halite, anhydrite, dolomite
		Basal Souris River Formation	Limestone, shale
		1st Red Bed	Red shales
		Dawson Bay Formation	Limestone
		2nd Red Bed	Red shales
	Elk Point Group	Prairie Evaporite Formation	Evaporites
		Winnipegosis Formation	Carbonates (with reefs)
		Ashern Formation	Dolostone, shale, siltstone, anhydrite
Meadow Lake Formation		Dolostone, mudstone, limestone, sandstone	
Silurian		Interlake formation	Dolomite
		Stonewall Formation	Dolomite, sandstone, anhydrite
Ordovician		Stony Mountain Formation	Dolomite
		Herald Formation	Limestone, dolomite
		Yeoman Formation	Dolomite
		Winnipeg Formation	Sandstone
Cambrian		Deadwood Formation	Sandstone, conglomerate, shale, limestone
	Precambrian		Granite, gneiss

Potash generally refers to “muriate of potash” (“**MOP**”), or potassium chloride (KCl), or geologically known as sylvite. While sylvite is not the only potassium-bearing salt mineral (NaCl), it is the most commonly mined, and sylvite dominated salt beds are termed sylvinite.

Sylvinite deposits primarily occur within evaporite sequences, themselves the result of shallow,

restricted basins such as intra-cratonic seas and evaporitic lakes. They are very soluble, and generally confined to narrow sections of the stratigraphic column, where, in addition to being a potential source for potassic minerals, they can also play a role in oil traps. Due to the depositional nature, and depending on post-depositional processes, such as dissolution and deformation, they can exhibit considerable lateral continuity. Such is generally the case in the Prairie Evaporite Formation.

In Saskatchewan, the target beds for potash are the potash-bearing members of the Prairie Evaporite sequence contained within the Elk Point Group and a Devonian Aged sedimentary sequence in Western Canada and Montana and North Dakota, United States. There is a total of three significant potash-bearing members that make up the Prairie Evaporite Formation: (i) the “**Patience Lake Member**”; (ii) the “**Belle Plaine Member**”; and (iii) the “**Esterhazy Member**”, which are situated at the top of a halite-dominated sequence, overlying the dolomitic Winnipegosis Formation. The halite-dominated evaporite sequence is itself overlain by the Dawson Bay Formation, another dolomitic-dominated formation, with the Second Red Beds, red dolomitic shales, as the boundary between itself and the underlying evaporites. These potash-bearing members are relatively flat lying, with a very slight regional southward dip. “Mounds” may occur in the Winnipegosis, corresponding to ancient reefs in the carbonates, and are sometimes associated with thinning or “leaching” anomalies in the overlying potash members.

In addition to the three main potash-bearing members in the Vanguard Area, two smaller sylvinitic units, the “White Bear Marker”, present between the Esterhazy Member and the Belle Plaine Member, and the “Allan Marker”, present between the Belle Plaine Member and the Patience Lake Member, are present, but generally not thought to be of commercial value.

Exploration

Historical Exploration

There is limited information with respect to the exploration programs conducted in the early 1960’s in the Vanguard Area, which resulted in the two historic wells, SST-4 and SST-14. The assays for these wells are available in the provincial archives. The assays represent samples from the Patience Lake Salt Back through to the lower Esterhazy Member for SST-14 and from the Patience Lake Salt Back to below the Belle Plaine Member for SST-4. A small number of gamma-ray measurements were also available below the Belle Plaine Member for SST-4, reaching the upper Esterhazy Member, but the quality was such that it could not be correlated to the mineralisation in the other wells. As with most potash wells, these wells are presumed to have been drilled vertical.

The drill core however is still preserved at the Subsurface Laboratory. The Qualified Persons had occasion to inspect both drill cores, specifically all the recovered core from the Prairie Evaporite Formation, and compare it to the assays and logs compiled from assays as previously received. The correspondence was excellent, with visual correspondence between sylvite abundance and potash grade, as well as other aspects such as the occurrence of clay seams corresponding to

insoluble peaks in the assays, etc.

Yancoal undertook an exploration program on its then KP 363 and KP 483 potash permits, which preceded the Corporation's ownership of the Vanguard Area. The exploration was managed and directed by North Rim. The program consisted of a 2D seismic component, and the two potash wells discussed in Section 6 of the Tugaske Project Technical Report (Y-1-18 and Y-5-29). The program is outlined in detail in 2016 initial resource report with respect to the Tugaske Project.

Gensource Exploration

Since acquiring the property consisting of the Vanguard Area from Yancoal in 2016, including converting the potash permits held by Yancoal to potash leases, Gensource has completed four exploration drill holes as of the date of the Tugaske Project Technical Report, including core recovery, geological assays, and geophysical (wireline) data collection.

An initial 2D seismic program was shot across the two leases of the Vanguard Area by RPS. The acquisition of seismic data over then KP 483 (now KL 245) was called the "Eyebrow 2D Seismic Program" and consisted of nine 2D lines totalling 98 kilometres. The survey was shot by Eagle Canada Inc.

A single 9.7 km line was also shot by Eagle Canada Inc. across the then KP 363 (now KL 244), called the "Bridgeford 2D Program". This program was executed by the previous permit holder, Yancoal, for which the data was subsequently transitioned to Gensource after conversion of the permits to leases, and the subsequent asset purchase agreement between Gensource and Yancoal in 2016 for the leases with respect to the Tugaske Project.

While a number of Winnipegosis mounds were found, these are not necessarily indicative of loss of resource, unless clear thinning beds noted, and as such these were not subtracted from the resource. A few collapses were discovered as well, online and offline, and these were noted for exclusion from the resource.

The biggest feature to be brought to light by the seismic surveys is the existence of a major salt dissolution anomaly that occurs within the southern section of the Vanguard Area. The salt dissolution edge is not entirely unexpected, as both leases are relatively close to a zone previously identified as a large area of salt dissolution within the Elk Point Group. It should be noted that the dissolution edge has no adverse impacts on the Tugaske Project or the Vanguard Area, as it exists outside the Vanguard Area lease boundaries and is merely stated for a regional understanding of the geology and the Prairie Evaporite Formation.

In February, 2017, Gensource engaged RPS, as the prime contractor for the 3D seismic program. The 3D seismic area focused on a portion of KL 245 only (i.e., northeast, within Township 22 Range 2 in Saskatchewan), which was selected to be as focused as possible to define the resource to the extent necessary while being large enough to provide many options in terms of the selection of the initial mining area for the Tugaske Project. Overall, the 3D seismic program

covered an area of 34.37 square kilometres.

The final interpretation was completed in the second quarter of 2017, matching the schedule required by the Vanguard One Feasibility Report. Data quality of the 3D data in 2017 is good and consistent with data previously collected in the Vanguard Area. In general, the data has usable frequencies up to 110 Hz, and provides sufficient resolution for the objectives of the Tugaske Project. The 3D seismic interpretation provided a solid basis for the well field location and layout and will support the locating of future drilling activities.

In general, the stratigraphy in the Vanguard Area dips regionally from northeast to southwest. Several features are identified within the Vanguard Area 3D dataset and range from the loss of Davidson Evaporite, to the identification of Winnipegosis mounds, as well as the presence of Prairie Evaporite collapse features. Based on the 3D seismic program, confirmation of the presence of geological anomalies was completed.

Drilling

Gensource has successfully completed exploration drilling of four wells in the Vanguard Area from 2016 to 2019. Building upon the two wells drilled in the Vanguard Area by Yancoal in 2012, these four wells enabled Gensource to advance the determination of the resource extent, grade, etc.; ultimately allowing for advancement of the Tugaske Project towards full implementation, as well as subsequent technical reports summarizing such advancements, including the Tugaske Project Technical Report.

For all exploration drill holes completed by Gensource, a pre-disturbance site assessment (“**PDSA**”) was completed, as well as the checklist for development on private land, as required by the Saskatchewan MOE in order to obtain well licenses. The PDSAs for the two wells drilled in 2016 and 2017 were completed by Golder Associates Ltd. EDI Environmental Dynamics Inc. completed the PDSAs for the two wells in 2018 and 2019, respectively.

Initiated in 2018, three of the four wells, V-1-16, V-1-14, and V-4-1, drilled by Gensource have been reclaimed. Each well was regraded and revegetated, back to its pre-disturbance conditions. As per the requirements of the Government of the Province of Saskatchewan, in order to obtain an acknowledgement of reclamation (“**AOR**”), the licensee of a drilling well must submit a report which substantiates the satisfactory reclamation of the site, including monitoring the growth of the vegetation on the site over multiple growing seasons. It typically takes three to five years to obtain all the documentation required for an AOR application. Gensource continues to monitor and record information for these three reclaimed well sites as part of the AOR process.

A suite of geophysical wireline logging was completed on all of Gensource’s exploration wells. The wireline program for each of the four wells was completed by Weatherford International plc. The following downhole geophysical logs were run as part of the suite, which are typical for all wells:

- **Intermediate Hole Open Hole Logging**
 - Photoelectric Density Logging
 - Resistivity Logging (Dual Laterolog if/where Davidson Salt was present, or induction)
 - Compensated Neutron Logging
 - Gamma Ray Logging
 - Dual Axis Caliper Logging
 - Compressional and Shear (Dipole) Sonic Logging
 - Borehole Volume & Navigation

- **Main hole open hole logging:**
 - Photoelectric Density Logging
 - Resistivity Logging (Dual Laterolog if/where Davidson Salt was present, or induction)
 - Compensated Neutron Logging
 - Spectral Gamma Ray Logging
 - Dual Axis Caliper Logging
 - Compressional and Shear (Dipole) Sonic Logging
 - Borehole Volume & Navigation
 - Sector Bond Log

Sampling, Analysis and Data Verification

For Gensource's wells V-1-16 and V-1-14, wellsite geology was provided by Heelstone Resources Inc., and coring completed by Blackies Coring Services Ltd. For Gensource wells V-4-1 and V-8-4, wellsite geology was provided by TMS, and coring was completed by Baker Hughes Company. For all four wells, the lead independent geologist was Louis Fourie, P. Geo., who is the owner and principal of TMS.

Due to the similarity of the wells and the drilling programs for all four wells, the following summary of the core recovery and handling procedures was used on site (written for V-1-16 and V-1-14), which are typical for each well, with the exception that Baker Hughes Company was able to use tools and methods that allowed for longer lengths of core recovery (i.e., > 9m) per coring run for the V-4-1 and V-8-4 wells, as instructed by Gensource and TMS.

Core Recovery Procedure

- 10 to 18 metre core intervals:
 - Core was recovered from the top half (top 9 metres - shallow to deepest depth) of the barrel first (due to the inability of the rig to hang an 18-metre-long core barrel above the floor).
 - Core was boxed starting around box 9 and boxed up to box one.
 - The core was marked with chalk on the base.

- Core was broken with a hammer at lengths that would fit half a box, if possible. Natural breaks occur often, so shorter pieces were common.
 - The broken piece(s) were set down on a clean saw dust sack, with the base facing the mud tanks and up hole facing the doghouse.
 - Core was then wiped down with rags to clean the drilling mud off the core.
 - Core was boxed from the bottom up and once boxes were full, they were placed inside the dog house.
 - Lids were placed on the full boxes as they were put in the dog house.
 - Once a 9-metre section was completed, those boxes were taken to the core trailer.
 - The second half (bottom 9 metre) of the core barrel was then recovered, just as the first 9 metres was, but boxing started at box 15 or 16 and ending at box 10.
 - Once all the boxes were in the core trailer, the core was re-boxed as necessary to eliminate any short boxes and, when required, if breaks were not matching up to ensure pieces were not accidentally boxed incorrectly.
 - It was wiped down again as required to be clean enough to see member contacts.
 - Stickers were then made with the well name, core run and core interval and placed on the box and the box lid.
 - Core was then photographed and measured for core recovery numbers and member interval depths.
 - Member intervals were then logged.
 - Once all the measuring, logging and photography was done, the boxes had the lids placed on them and were taped closed and stacked on the side table to make room for the next core run.
- **Nine metre or less core intervals:**
- For core intervals that were 9 metres or less, the same process was used as was for 18-metre-long core intervals, except the empty top half of the core barrel was laid down and then the bottom half was brought to surface to recover the core.

For all core recovery, two core hands and two geologists were present, as well as the drilling consultant. One core hand held the core brake handle and the other broke the core. One geologist cleaned and boxed the core while the other watched for correct boxing and placed lids on the boxes.

After all core was recovered, logged, and securely packaged at site, core was transported to the SRC Facility for further logging and assaying. The core boxes were signed off by the wellsite geologist, and signed for by the Qualified Persons in Saskatoon, Saskatchewan, after inventory was taken. Once logging and assaying was complete, the core was then shipped from SRC and received for archival in the Subsurface Laboratory.

All drill holes were both logged in detail by TMS at the SRC Facility. The entire cored section was split out into intervals of similar lithology, grade and crystal size. For each interval, a core description was recorded which included the rock name, color, crystal size and shape, carnallite

content if present, insoluble content, and the type of contact at the base of the interval. For the intervals with high sylvite content, crystal size was recorded in detail instead of a visual average. For each halite and sylvite, 15 crystals were measured in a line along the core and an average was taken between the 15 crystals. This was done to provide a more detailed crystal size for the mining intervals.

Half-core samples were taken for assaying of all potash members, marker beds, the salt interbed between the Patience Lake Member and the Belle Plaine Member, as well as a shoulder above the Patience Lake Member, below the Belle Plaine Member, above and below the Esterhazy Member, as well as above and below the White Bear Marker. Samples were selected at breaks along changes in mineralogy, but a maximum length of 30 cm was used for each sample in all cases.

Mineral Processing and Metallurgical Testing

All samples are kept in their original bags throughout all preparation procedures. If samples require drying, the samples are dried in their original bags. Rock samples are jaw crushed to 95% at -2mm and 100 to 200g sub sample split out using a riffler. The sub sample is then pulverized to 95% at -106 microns using a puck and ring grinding mill. All crushed “rejects” are vacuum sealed and returned to the original pails. A portion of the homogenized aliquot is transferred to a barcode labeled plastic snap top vial. Remaining ground material, known as pulp, is sealed in the pulp bag.

An aliquot of pulp is placed in a 100 mL volumetric flask with DI water; the volumetric flask is placed in a water bath. The sample is shaken and then vacuum filtered. The filters are dried in a low temperature oven then cooled in a desiccator and weighed. The soluble solution is then analyzed by a technique known as inductively coupled plasma – optical emission spectrometry (ICP-OES).

An aliquot of sample is placed into a pre-weighed crucible and heated overnight. The sample is then reweighed and the moisture is calculated as weight % (wt. %). The detection limit is 0.1 wt. %.

To complete bulk density analyses, samples are dried and weighed, then coated with an impermeable layer of wax and re-weighed. The samples are then weighed while submerged in water. All weights are entered into a database and the rock’s density calculated for the sample. The temperature of the water is recorded at the time of all measurements and included in the calculations.

The only available quality control procedures are those of SRC. SRC is ISO17025 certified for potash analysis and is independent of both Yancoal and Gensource.

At the SRC Facility, specific quality control measures and data verification procedures applied include the preparation and analysis of standards, duplicates, and blanks. All glassware is

calibrated per ISO/IEC 17025 requirements. Instruments are recalibrated after every 20 samples; multiple standards are analyzed before and after each recalibration. All quality control results must be within specified limits otherwise corrective action is taken.

The historic drill core was checked against the received assays. TMS examined the cores of the two historic drill holes, SST-4 and SST-14 at the Subsurface Laboratory of the on April 11, 2016. Visual confirmation was obtained of the correlation of clay horizons with increased insoluble content, increased sylvite presence with higher grade intervals, and the contact of the potash members with halite inter-beds corresponding with the drop in potash content. Insofar as it is possible the correspondence between the core and the assays can be affirmed. While assays were available for these wells in the government database, no information as to drilling, sampling or assaying procedure was available.

It was also possible to examine the Yancoal drill core at the Subsurface Laboratory. Visual confirmation could be made of drill logs as received from Yancoal.

Assays for the 2012 Yancoal drill holes were made available to TMS for the previous technical reports with respect to the Vanguard Area and Tugaske Project. The drilling of the 2012 holes was done under supervision of North Rim, and logged and sampled by North Rim personnel. Assaying was done at the SRC Facility.

Mineral Resource and Mineral Reserve Estimates

The mineral resource and mineral reserve referred to in the Tugaske Project Technical Report is based on historic drilling (including the 2 wells previously completed by Yancoal in 2012), the 4 wells completed by Gensource between 2016 and 2019, 2D and 3D seismic results, and the most recent mine planning and layout developed during FEED. The mineral resource and mineral reserve estimates are summarized in Table 4 and Table 5 below, respectively. Note that the base unit for tonnages are listed as the Système international d'unités (SI) unit of tonnes (t) - with a measurement of 1000 kg (or approximately 2204.6 lbs) per tonne. Tonnes are sometimes referred to as “metric tons” (or “metric tonnes”) to differentiate from a “short ton” of 2000 lbs.

As per CIM Standards, mineral resource was classified as: inferred, indicated, and measured. The resource categories were estimated for the Patience Lake and the Belle Plaine Members only. Due to the pervasive presence of carnallite, and lower potash grades, no resource was defined for the Esterhazy Member.

The table below shows a sensitivity analysis of the sylvite tonnage based on a range of possible recovery rates (effective May 16, 2021) – with the assumed “base case” recovery of 40% (outlined in red) resulting in over 287 Million tonnes of measured and indicated resource in the Vanguard Area. Measured and indicated mineral resources are inclusive of those mineral resources modified to produce the mineral reserves, for which modifying factors are considered and applied.

Table 4: Measured and Indicated Resource Summary (With Base Case Highlighted)

Resource Category	Total KCl Grade*	Total Sylvinite Tonnage	Sylvinite Tonnage with Deductions	Sylvite Tonnage (KCl), 30% recovery	Sylvite Tonnage (KCl), 40% recovery	Sylvite Tonnage (KCl), 50% recovery
	Weight %	Million tonnes (Mt)	Million tonnes (Mt)	Million tonnes (Mt)	Million tonnes (Mt)	Million tonnes (Mt)
Measured	35.7	1,223.8	1,162.6	124.5	166.0	207.5
Indicated	35.8	955.3	859.8	92.4	123.1	153.9
Total	35.7	2,179.1	2,022.4	216.9	289.1	361.4

The following assumptions were applied during the resource estimation, with further details discussed in Section 14 of the Tugaske Project Technical Report:

- K2O cut off grade of 15% (this equates to 24.6% potash).
- maximum carnallite cut-off of 6%.
- no insoluble cut-off.
- no thickness cut-off.

The following radii-of-influence (“ROI”) were used, consistent with previous NI 43-101 technical reports on the Tugaske Project:

- o inferred ROI = 6000 m
- o indicated ROI = 2250 m
- o measured = 1500 m.
- o a deduction of 25% for unseen / unknown anomalies was made in the inferred category and, based on the results of the 3D seismic, this deduction was reduced to 10% for the indicated resource, and 5% for the measured resource.

Assuming the base case recovery of 40%, as per Table 4 above, over 289 Million tonnes of resource has been classified in the measured and indicated categories in the Vanguard Area. Based on the potential of future work to devise suitable engineering and economics for the conversion of this resource into reserve (as has been regularly accomplished in Saskatchewan’s prairie evaporite formation since mining began in the late 1950’s), and subsequent application of the pertinent modifying factors, when using the baseline design capacity for annual production of 250,000 tonnes for a Gensource module, it can be seen that the probable life of these modules could theoretically approach multiple centuries. The CIM Standards provide for a direct relationship between indicated mineral resource and probable mineral reserve, and between measured mineral resource and proven mineral reserve. For conservatism, the reserve estimated for the Tugaske Project considers only continuous operation of the solution mining horizontal caverns focused on the lowest submember of the Patience Lake Member (referred to as the “PLM 1”). Therefore, the reserve represent only the base case for the feasibility economics. Since the initial mine plan focuses only on the PLM 1, only a small portion of the overall resource is converted to reserve for the base case. In reality, mining of the PLM 1 is likely to progress upwards over time into other sub-members of the Patience Lake (i.e., PLM 2 through PLM 4); thus, increasing the potential amount of potash tonnes recovered from each cavern. The PLM 1 is on average 3.9m

thick, with average potash grades of 43% potash, across the mining area.

The table below shows the proven and probable reserve of 14.1 million tonnes for the Tugaske Project (effective May 16, 2021), based on the PLM 1 only, which indicates a minimum expected mine life of at least 56 years, based on the annual production of 250,000 tonnes of saleable MOP. In addition, reserves are defined in terms of MOP, which is typically 98.1% potash in the case of granular MOP produced from solution mining.

Table 5: PLM 1 Proven & Probable Reserve Summary

Reserve Category	Mean Cavern Thickness (m)	KCl Grade (wt. %)	Carnallite Grade (wt. %)	Insolubles Grade (wt. %)	Cavern Volume (Mm ³)	Cavern Recovery (%)	Reduction for Unknown Anomalies	Recoverable Cavern Volume (Mm ³)	Sylvinite Tonnage (Mt)	MOP Tonnage (Mt)
Proven	3.9	42.0	0.71	6.4	15.7	60.3	0.95	9.0	18.7	7.6
Probable	3.9	42.6	0.69	6.3	13.1	63.7	0.91	7.6	15.3	6.5
Total*					28.7			16.5	33.9	14.1
Weighted Mean	3.9	42.3	0.70	6.4		61.8	0.93			

Mining Operations

The process plant for the Tugaske Project is designed to produce 250,000 tonnes per year of saleable MOP, granular grade, potash product, pink or clear. Return brine from processing will be heated to 100 °C and pumped to the wellfield for re-injection into the underground horizontal mine caverns, for selective dissolution and recovery of potash, from the underground sylvinite ore deposit containing both potash and salt minerals. Heating the return brine will increase the dissolving capacity for potash.

The production of final MOP potash product (nominally 96% purity potash) is accomplished by the removal of potash from the recirculating brine stream by temperature reduction. Temperature reduction is primarily accomplished by a six-stage mechanical cooling crystallization process. The brine stream continuously recirculates between the solution mining caverns and the process plant, picking up potash in the caverns and crystallizing it into solid potash in the process plant.

Selective solution mining, otherwise known as “selective dissolution”, of potash consists of using an almost saturated salt brine, injected into a mining cavern, in this case horizontal, to selectively dissolve only the potash from the targeted potash bed, which consists of sylvinite ore made up of both salt and potash. While selective dissolution of potash as the primary mining method has not yet been deployed in a commercial operation in Saskatchewan as of the date hereof, it has been successfully implemented by Intrepid Potash, Inc. at its Moab, Utah, United States, facility for over 15 years. It should also be noted that selective dissolution of potash has been commercially leveraged in Saskatchewan for decades, but as a secondary mining method in solution mines using the conventional “Belle Plaine mining method” as the primary mining method. These mines begin mining with fresh water, dissolving both the salt and potash in the sylvinite ore, and then complete the mining cycle within the cavern using selective dissolution. Such practices are utilized at The

Mosaic Potash Company's Belle Plaine mine and the now-operational K+S Bethune Canada mine in Saskatchewan.

Substantial data and knowledge exist regarding the chemistry and solubility of potash and salt brines, and the application of selective dissolution of salts. To support the existing knowledge base of selective dissolution, dissolution test work using site specific core was performed to better understand the potash dissolution rate and the relationship of potash grade to permeability that will be created as the potash crystals are selectively dissolved. In support of this, test work, during Gensource's exploration and drilling program, core samples of all three members of the Prairie Evaporite, which include samples from all sub-members, including the Patience Lake Member, were obtained. These cores were examined, and representative cores were selected for testing.

Subsidence

As selective mining extracts only the potash, which is approximately 57% of the original potash bed will be left in place. Accordingly, the maximum height of a possible collapse, or otherwise known as chimney failure, would be 43% of the cavern height or 1.7 m in the center of the subsidence bowl for an average cavern thickness of 3.9 m. This estimate assumes that the brine has been completely removed and also does not account for the volume increase in overlying rock that could collapse into the void. In addition, the 1,500-m depth of the caverns significantly exceeds the maximum depth of 50 m at which such subsidence typically occurs. This estimate ignores the possibility of bridging of competent rock masses between the workings and the surface.

Rock Mechanics

Since the selective mining multi-lateral horizontal cavern design does not use an oil blanket, a stable cavern roof is not a design requirement. Since the vertical portions of the cavern wells are designed to be drilled within a protected pillar, the casings will not be subject to significant cavern stresses associated with salt creep. In addition, due to the geometry of the horizontal caverns, creep testing results are considered to have very limited influence on selective mining and hence, creep tests were not performed to date for the Tugaska Project. Creep tests have been performed and reported by a number of other potash projects targeting the same potash members and results from different sites do not vary much if grain sizes are similar.

Infrastructure, Permitting and Compliance Activities

Onsite Infrastructure

The process plant and its outbuildings of the Tugaska Project are arranged on a square grid, with enough space provided for a future expansion (i.e., doubling of production capacity). That is to say, consideration was given to developing the site layout and plot plan, for the future ease of incorporating the necessary infrastructure for a second plant module. This "two-module" footprint is approximately 400 m x 400 m (16 hectares or 40 acres). The site is positioned on the

north/northeast side of the existing highway (Highway 367 in Saskatchewan) and a CP line. “Plant North” is set at 42 degrees east of “True North” and will be the basis for discussing locations in relation to the plant. Main vehicle access to the site is provided from the local grid road, tying into the existing highway. There are two main egress roads on the site, running on the east and west side of the plant respectively. Modular construction was utilized across the site, where possible, to reduce on-site construction time and labour costs while gaining the benefits of off-site construction cost savings and higher quality control standards.

Offsite Infrastructure

As indicated previously, the Tugaske Project will be supported by several offsite utility providers. The following groups have been engaged for the Tugaske Project: SaskPower, TransGas Limited, SaskTel, CP, the Saskatchewan Ministry of Highways & Infrastructure, as well as the local rural municipalities. Gensource will coordinate with such entities in order to acquire and deliver the necessary infrastructure and services required to tie their infrastructure into the Tugaske Project. The following is a discussion of each of the key offsite infrastructure requirements for the Tugaske Project.

Offsite Power

While the primary source of power for the Tugaske Project will be self-generated by Gensource through a natural gas fired boiler and steamless turbine generator combination, an extension of SaskPower’s existing three phase overhead 25kV distribution line is required for construction and emergency/back-up purposes. An existing phase distribution line runs north/south along rural grid road 627 to Tugaske, Saskatchewan, approximately 4.8 km west of the Tugaske Project site. SaskPower’s overhead line extension to the plant site will tap off of this existing line and extend east to reach the plant site.

For the construction phase of the Tugaske Project, a temporary transformer will be installed to provide 600V power. Once construction of the electrical infrastructure within the plant and ancillary buildings is complete, SaskPower’s overhead line extension to the plant is connected to the plant electrical system directly and will revert to an emergency or back-up power role, utilized only during maintenance and start-up conditions. The available power (2MW) from the grid is not sufficient for the entire plant load (9.6MW). The control system blocks the start of non-essential loads, or loads not required for start-up, until the steamless turbine generator is powering the plant.

Offsite Natural Gas

A new 150 mm diameter (NPS 6) pipeline will be installed to provide gas to the Tugaske Project and will be fed from an existing 400 mm diameter (NPS 16) TransGas Limited transmission pipeline, located approximately 10 kilometres northeast of the Tugaske Project.

The work includes the tie-in to the existing 400 mm diameter transmission line, approximately 10

kilometres of new 150 mm diameter transmission line, riser piping at the custody transfer location, construction of a regulating station, line heater and odorization and the installation of gas metering equipment complete with remote readout capabilities. While the baseline demand for the Tugaske Project module is approximately 5600 GJ/d or 1.9 Million GJ/y, the pipeline is being sized to accommodate a future doubling of annual production without further upgrades being required. The construction cost for bringing this new 150 mm gas line to site is included in the capital cost estimate. The delivery and demand charges for the consumption of natural gas are accounted for in the operating costs section of the financial model.

Offsite Rail

The primary product loading and transportation strategy for the Tugaske Project is based on shipping product from the plant site by way of bulk railcar.

A CP rail line runs directly through the Vanguard Area, and is immediately adjacent to the plant site. It should be noted that the Vanguard Area is also located approximately 40 km west of the Craik Subdivision, a former CN rail line. This line is now partially owned and operated by a provincial short-line railway, Last Mountain Rail. Last Mountain Rail and CN have maintained a relationship that keeps CN running rights on the line.

To accommodate the storage and shipping of product from bulk rail hopper wagons, rail track is required on site as follows:

- “Run-around track” to accommodate the movement of cars and locomotives, off of the CP rail line;
- Loading track to accommodate 100 bulk hopper cars;
- Storage track to accommodate 100 bulk hopper cars; and
- 6 rail turnouts/switches

The product loadout system has been designed with the capacity to load 100 standard bulk hopper rail cars (often referred to as a “unit train”), at a rate of 600 short tons per hour. This accommodates the filling of a unit train in under 24 hours, with a production capacity able to accommodate another unit train approximately every 2 weeks.

The Tugaske Project will include approximately 25,000 short tons of product storage on site, via a combination of a typical product storage building (complete with product transfer and reclaim capabilities), and rail storage (i.e., on-site rail track, with capacity to store loaded bulk hopper cars while waiting for CP service). The design will enable loading final product into both bulk rail cars, as well as bulk trucks – with majority of the product shipping occurring anticipated via rail.

Environmental Approvals & Permitting Process in Saskatchewan

The provincial environmental regulatory process for mining projects in Saskatchewan has two primary, yet separate, steps:

- environmental assessment (“EA”); and
- regulatory permitting.

An EA is a process by which the environmental baseline conditions and environmental and social effects are determined and then reported for regulatory review. An EA includes those aspects of the project that require review prior to a government agency allowing a project to be approved for development. Fundamentally, the assessment investigates the risks and benefits of a project in the context of the existing socio-economic and biophysical conditions.

Regulatory permitting includes the submission of specific applications and documents as set out by the requirements for exploration, construction and operation under legislation such as the *Environmental Management and Protection Act* (Saskatchewan) and the *Minerals Industry Protection Regulations* (Saskatchewan). Following the environmental assessment approval, the project can advance into the permitting phase of the environmental regulatory process.

Environmental Assessment Regulatory Approval Process

The EAA requires that proponents receive approval from the MOE before proceeding with a ‘development’ that is likely to have significant environmental implications. The environmental assessment process begins with the submission of a technical proposal to the MOE’s Environmental Assessment & Stewardship Branch by the proponent.

Gensource represents a new approach to potash production in Saskatchewan. Combining selective solution mining, with enhanced processing and recovery techniques results in several key benefits, such as:

- No salt tailings or brine ponds on surface. Because the mining method is selective, only potash is dissolved from the ore zone, leaving essentially all excess salt in place in the ore zone. Leaving that excess salt in the ore zone means not having to deal with it on surface. Without a salt tailings pile, there is no need for brine retention ponds, and therefore no brine containment structures whatsoever.
- The water consumption is small due to the small size of the Tugaska Project, but also on a per-tonne of production basis. Because the mining process requires a near saturated salt brine, water for mining can also be drawn from groundwater sources and can utilize brackish sources (as opposed to surface or fresh water sources), if found in the area, that are otherwise inappropriate for use by other potential consumers. Traditional solution mining of potash cannot use such sources, as they require fresh water for dissolving both the potash and salt in the ore body, and the large fresh water quantities required are drawn from fresh surface water bodies (often causing public concern).
- The processing technologies are energy efficient, which helps not only reduce carbon footprint, but also reduces operating costs for the facility.
- Using Gensource’s proprietary energy system results in self-generation of power for the plant site using a high efficiency natural gas fired boiler. The result is that plant site power

has a smaller carbon footprint because it is not drawing from the Saskatchewan provincial power grid system, which derives its generation from a mix of sources, approximately 30% of which is coal. Estimates are that Tugaske Project will avoid almost 24,000 tonnes of carbon dioxide equivalent (CO₂e) emissions by generating its own power.

The technical proposal was submitted to the MOE in June 2017, and was followed by several rounds of additional information requests from the various stakeholders with the MOE. On August 8, 2018, Gensource received the ministerial determination of ‘not a development’ from the MOE for the Tugaske Project. As a result of the ministerial determination, Gensource is not required to complete a full environmental impact assessment (“EIA”), since it has been recognized that the Tugaske Project is unlikely to have a significant impact on the environment. This notification officially confirms that the Tugaske Project can now proceed to the next stage of the environmental regulatory permitting, licensing, and approval process as discussed.

Since receiving the ministerial determination in 2018, as discussed in the Tugaske Project Technical Report, certain modifications to module design were implemented to suit the intended potash market of HELM. The modifications were reviewed in the context of the previous environmental assessment and technical proposal submission to the MOE, and the team prepared and submitted a memorandum outlining the updates to the Tugaske Project and the resulting changes to previously assessed impacts. Since the changes were non-material, it was again determined that the Tugaske Project does not trigger any of the criteria for requiring an EIA under the EAA, and on June 26, 2020, the MOE supplied a letter confirming that the ministry conducted a technical review of the minor changes to the Tugaske Project, and that ministerial determination of ‘not a development’ remains valid as of the date hereof.

Capital and Operating Costs

Key economic performance indicators for the Tugaske Project are shown in Figure 2 below. The NPV was calculated using an 8% discount rate.

Economic Indicator	Before Sask. Prof Tax	After Sask. Prof Tax*	Final After-Tax**
NPV ₈	\$635.4	\$454.4	\$310.4
IRR	21.74%	19.47%	17.10%

Figure 2: Financial Performance Summary (source: Tugaske Project Technical Report)

Notes:

* The Saskatchewan Potash Profit Tax calculated does not take into account new regulations regarding Research & Development credits announced by the Government of Saskatchewan in December 2020.

** Final After-tax (corporate rate of 27%) IRR and NPV do not take into account net operating losses that maybe available to the Tugaske Project. These NOL's may be used to offset corporate taxes. Thus, the published Final After-Tax IRR/NPV may be understated.

The DCF analysis for the Tugaske Project uses the following input parameters and is based on the

assumptions as described below:

Summary Funding

Uses of Funds

Project Value (paid-in Capital)	\$ 36,300,000
Contingency Account	\$ 40,000,000
Owners Cost	
– Project Cost	\$ 318,479,183
– Project Contingency	\$ 33,597,918
Interest During Construction	\$ 7,487,420
Financing & Closing Costs (Including ECA Premium)	\$ 34,865,906
Total Uses	\$ 470,730,427

Sources of Funds

Project Value (paid-in Capital)	\$ 36,300,000
Senior Debt Commitment (Includes ECA Premium)	\$ 280,000,000
Equity Cash Contributed (Includes Cost Overrun)	\$ 154,430,427
Total Sources	\$ 470,730,427

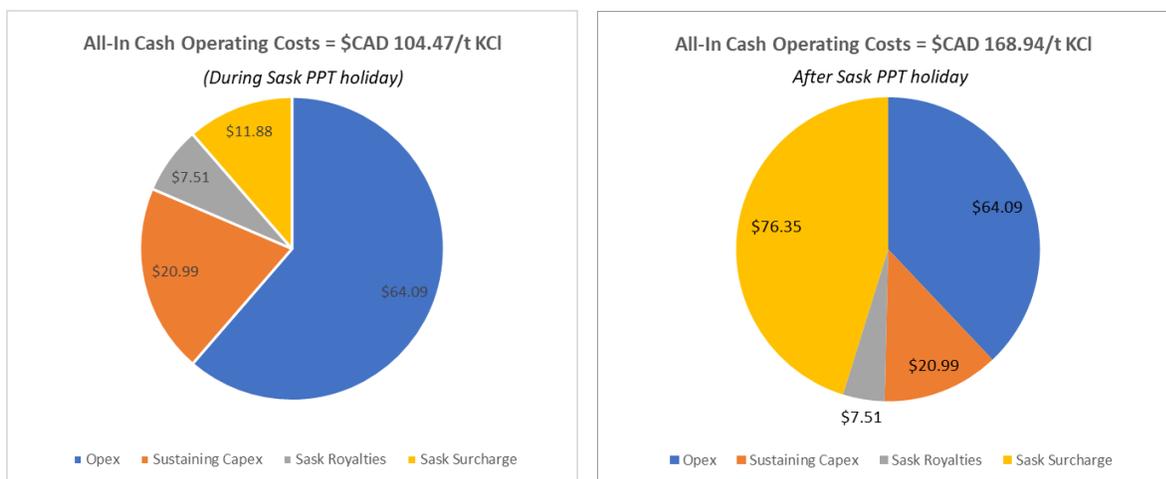
Figure 3: Summary of Tugaske Project Funding (source: Tugaske Project Technical Report)

Key Assumptions to the DCF Analysis

- potash production is 100% granular grade and conforms to the specifications required by the offtaker (i.e., SGN 300, granular grade MOP);
- approximately 25,000 short tons of combined storage capacity on site;
- default currency reported in \$CAD;
- annual OPEX costs of \$64.09/t potash;
- annual sustaining CAPEX costs of \$20.99/t potash;
- currency exchange (US\$: \$CAD) was carefully considered. In order to appropriately reflect the historical, current and future currency fluctuations, an exchange rate of 1:1.25 was used in the first 2 years of construction with a 1:1.30 conversion factor for life of mine. When converting any values established during FEED from Canadian dollars to US\$ for the sake of reporting/comparison, the June 2021 Bank of Canada US\$: \$CAD of 1:1.21 was used;
- base case pricing for granular product is the net-back price of product “free carrier” (Incoterms®: FCA) mine site forecast supplied by Argus Consulting Services (June 6, 2020) net of a 4% marketing fee for HELM. There was no price escalation applied after the 10-year forecast (i.e., flat forward pricing);
- product delivery is FCA mine site at Tugaske, Saskatchewan, as per the terms of the

- detailed offtake agreement;
- there is no expansion assumed beyond 250,820 tonnes of potash per year;
- the economic mine life is estimated at 45 years, including 40 years of full production;
- consideration was given to the expected timing and allocation of construction CAPEX;
- the cash flows include Saskatchewan Resource Surcharge (3% of revenue), provincial royalties (3% of K2O net revenue) and Saskatchewan Potash Profit Tax (PPT), as well as other commercial royalties as per royalty agreements negotiated by Gensource;
- head office general and administrative expenses of 1.50% of gross revenue are included, over and above the identified management and administration personnel accounted for in the Tugaske Project’s OPEX; and
- development costs of \$US 4 million.

Figure 4: All-in Cash Operating Costs



Several sensitivity scenarios were conducted to “stress-test” the economic robustness of the Tugaske Project. Sensitivities were focused on: potash price, currency exchange, natural gas price assumptions, capital cost inflation, construction delay timing, potash price deflation, production ramp up extension, interest rate increases, and project completion timing. Of the many input assumptions generated, the Tugaske Project is most sensitive to potash price changes, currency exchange and, to a much lesser extent, natural gas prices and interest rate increases. The findings imply a recommendation that disciplined hedging programs for both currency exchange and natural gas price volatility be implemented in the operational phase of the Tugaske Project.

The following is a representation of the relative impact on the Tugaske Project’s NPV from the most sensitive economic variables, calculated using a range of +/- 20% applied to the base case. All NPV10 values are shown in \$CAD millions in the following graph and table (base case shown in red).

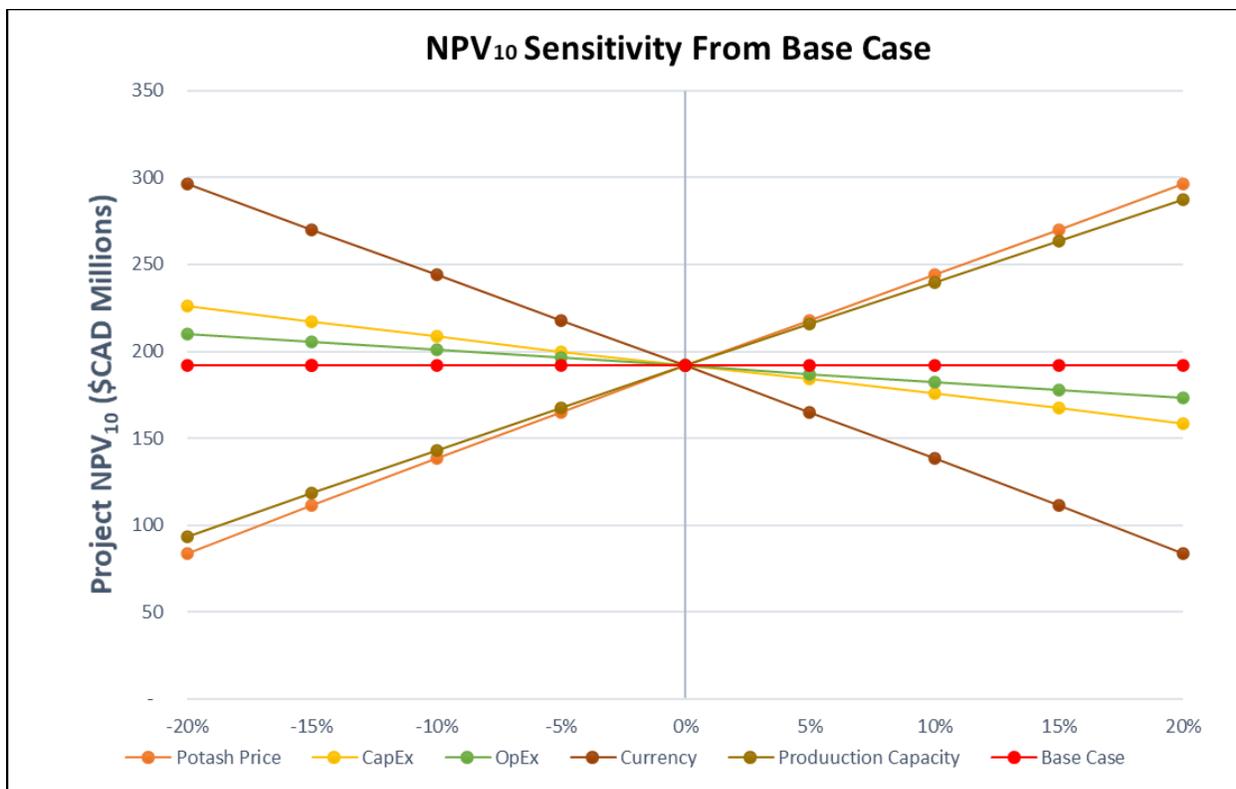


Figure 5: Sensitivity from Base Case

Table 8: Net Project Sensitivity

	NPV ₁₀ Sensitivity - Deviation From Base Case (M\$CAD)								
	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Potash Price	84.0	111.3	138.4	165.1	191.6	218.0	244.1	271.1	296.1
CAPEX	225.9	217.3	208.6	199.9	191.6	184.0	175.9	167.7	158.7
OPEX	210.2	205.6	200.9	196.2	191.6	187.0	182.3	177.7	173.0
Currency Exchange	296.0	270.1	244.1	218.0	191.6	165.1	138.4	111.3	84.0
Production Capacity	93.4	118.4	143.0	167.4	191.6	215.8	239.8	263.7	287.5

Economic performance of the Tugaske Project (i.e., NPV and IRR) has been derived by best reflecting real-world scenarios; whereas the actual performance achieved on a particular day would in-all-likelihood vary per the operating and capital ranges expected. This has the effect of testing the robustness of the Tugaske Project against real world scenarios where design rates and construction timing are perhaps not achieved at the same time. It is common that the key metrics of revenue as determined by the potash price and the process plant production capacity will overshadow the operating cost variances; but, using these inclusive variables will therefore demonstrate the Tugaske Project robustness even in such scenarios as low potash prices and poor performance on cost drivers.

Analysis was undertaken to assess the sensitivity of changes in CAPEX and potash price to NPV₁₀

of the Tugaske Project. Using a +20% to -10% change in CAPEX against a -20% to +15% change in potash price, a range of NPV's were generated as displayed below in the following table. All NPV values are shown in \$CAD (with the base case outlined in red).

Table 9: NPV Sensitivity to Change in CAPEX

		Change in CAPEX (M\$CAD)				
		20%	10%	0%	-5%	-10%
Change in Potash Price	-20%	50.8	68.3	84.0	92.8	101.9
	-15%	78.0	95.4	111.3	120.0	129.1
	0%	158.7	175.9	191.6	199.9	208.6
	5%	185.3	202.3	218.0	226.1	234.7
	10%	211.7	228.6	244.1	252.2	260.7
	15%	238.0	254.8	270.1	278.2	286.6

A similar analysis was undertaken to assess the sensitivity of changes in OPEX against potash prices is illustrated in the following table. The OPEX was ranged from a +30% increase to a -10% decrease. Potash price was again ranged between -20% to +15%. All NPV values are shown in \$CAD (with the base case outlined in red).

Table 10: NPV Sensitivity to Change in OPEX

		Change in OPEX (M\$CAD)				
		30%	20%	0%	-5%	-10%
Change in Potash Price	-20%	55.7	65.1	84.0	88.7	93.3
	-15%	82.9	92.4	111.3	116.1	120.8
	0%	163.6	173.0	191.6	196.3	200.9
	5%	190.0	199.3	218.0	222.6	227.2
	10%	216.1	225.5	244.1	248.8	253.4
	15%	242.2	251.5	270.1	274.8	279.4

A potential delay in ramp up to full production for the Tugaske Project impacts the amount of capitalized interest incurred, increases carrying charges, and increases general administration costs. As such, the impact of a delay was analyzed to assess the sensitivity of such a delay to the Tugaske Project economics. The table below illustrates the impact due to a 6-month delay.

Economic Indicator	Before Sask. Profit Tax	After Sask. Profit Tax*	Final After-Tax**
NPV ₁₀ (M\$CAD)	412.1	286.2	184.8
NPV ₈ (M\$CAD)	624.0	445.9	303.4
IRR (%)	21.2	19.0	16.7

Environmental Protection

As discussed in more detail in the Tugaske Project Technical Report, selective solution mining of potash consists of using an almost saturated salt solution to selectively dissolve potash from a sylvinite bed within a solution mining cavern. Because the mining method is selective, only potash is dissolved from the ore zone, leaving all excess salt in place within the sylvinite ore zone. Using selective solution mining as the primary mining method is relatively new to the province of Saskatchewan, but existing solution mines in the province use the method for a portion of their production (as much as 50%). Existing solution mines in Saskatchewan use what the industry refers to as the “Belle Plaine method” for solution mining sylvinite (e.g., Mosaic Belle Plaine, K+S Bethune) and have publicly disclosed that they also implement selective solution mining as a means to increase production while reducing operating costs at their facilities. But, by no means is using selective solution mining as the primary mining method untested; it has been successfully implemented as a primary means of mining potash by Intrepid Potash, at their Moab and Carlsbad facilities since 2003 (Ryan, 2012).

One of the key benefits of the selective solution mining method proposed for use at the Tugaske Project (and which, if successful, the Corporation proposes to use at its future potash projects) is that, due to the use of salt brine as the mining solution, no salt tailings will be produced as part of Gensource’s Tugaske Project. With no salt tailings, the need for surface brine ponds is eliminated and therefore neither a tailings management area nor the associated intensive environmental monitoring program will be required. Compared to conventional underground mining and conventional solution mining (i.e., the Belle Plaine method) of potash, this is expected to be a significant advantage for the Tugaske Project (and, if undertaken, the Corporation’s future potash projects), as a result of eliminating capital costs for a tailings management area, brine ponds or diking systems to contain brine run-off. Also, tailings management area operating personnel are not required, and the Corporation expects other associated operating and management costs will be avoided as well. Finally, there is no long-term environmental liability from the large salt tailings pile and surface brine ponds that are required for a traditional potash mining operation, which eliminates a significant decommissioning risk for the Tugaske Project (and, if undertaken, the Corporation’s future potash projects) and is expected to decrease decommissioning costs for the Tugaske Project (and, if undertaken, the Corporation’s future potash projects). The Corporation expects that the selective solution mining approach described in this AIF, if implemented, will demonstrate a more sustainable method for a potash operation, with a lower expected overall impact on the environment and the local community, and may be replicated at other potash projects identified by the Corporation.

Competitive Conditions

See “Risk Factors – Risks Related to the Corporation and Its Operations - Competition” for a summary of the Corporation’s competitive conditions.

Components

The Corporation does not anticipate any difficulty in sourcing component parts for the construction and operation of the Tugaske Project or for any future potash projects of the Corporation. The Corporation has formally engaged KKE for potash and salt process design and equipment fabrication and supply.

Intangible Properties

In connection with the operation of the Tugaske Project, the Corporation anticipates that it will be required to utilize a patented proprietary solution potash extraction method and process known as a “Selective Mining Enhanced Recovery Process” (the “**Innovare Intellectual Property**”). The Innovare Intellectual Property is owned by Innovare. On January 1, 2017, the Corporation entered into the Innovare Licensing Agreement pursuant to which Innovare has licensed to Gensource the Innovare Intellectual Property for a period of ten years from the date of the Innovare Licensing Agreement with an exclusive option to the Corporation to renew for an additional five years. The consideration payable to Innovare pursuant to the Innovare Licensing Agreement is the Innovare Fee. See “Description of the Business – Commercial Contracts – Innovare Licensing Agreement”.

The Corporation has also engaged Innovare to provide certain consulting services to the Corporation in connection with the Tugaske Project. The consulting services are provided by Innovare through three of its employees, Max Ramey, John McEwan and Sandy Debusschere.

On April 11, 2022, the Corporation entered into the Innovare Purchase Agreement to acquire 100% of the issued and outstanding shares of Innovare. For more information, see “General Development of the Business – Three Year History – 2021 – Innovare Transaction”;

Changes to Contracts

As noted elsewhere in this AIF, the terms of the Debt Facility have largely been settled pursuant to the Debt Facility Commitment Letter between the Corporation and the Senior Lenders. However, the definitive loan agreement and associated documentation with respect to the Debt Facility has not been finalized and is subject to certain conditions and, accordingly, the terms upon which the Debt Facility may be provided may be subject to change. See “Development of the Business – Commercial Contracts – Debt Facility Commitment Letter and ECA Insurance Coverage”.

Additionally, as noted elsewhere in this AIF, the ownership structure of KClean, which will own the Tugaske Project will be governed by the Shareholder Agreement, the terms of which have largely been settled between the Corporation and HELM. However, the Shareholder Agreement has not yet been executed and, accordingly, the terms of the Shareholder Agreement may be subject to change. Additionally, the terms of the Operations and Maintenance Agreement pursuant to which the Corporation will provide operations and maintenance services to the Tugaske Project have been negotiated and agreed to but the agreement has not been executed.

Employees

As at December 31, 2021 and as at the date hereof, Gensource has 4 employees and two independent contractors.

Social and Environmental Policies

The Corporation is committed to a process of engagement with stakeholders who could potentially be impacted by the Tugaske Project and has allowed for involvement and engagement of these stakeholders in the early stages of the Tugaske Project. The following are key objectives of the engagement effort that the Corporation has undertaken with regards to the Tugaske Project:

- (a) identification of members of the general public, First Nations and Métis communities, and federal and provincial regulatory authorities who may have an interest in the Tugaske Project;
- (b) Preparation of information for stakeholders about the Tugaske Project;
- (c) Preparation of a process to document communications and any issues or concerns raised about the Tugaske Project and the outcomes;
- (d) Planning and scheduling opportunities for stakeholder input on the study area and potential effects from the Tugaske Project (i.e., biophysical and socio-economic components of the environment); and
- (e) Identification and possible mitigation that can be incorporated into the Tugaske Project planning and/or design to resolve issues.

The Corporation has maintained proactive efforts to communicate information regarding the Tugaske Project with impacted stakeholders over the course of the Tugaske Project thus far, including, but not limited to:

- (a) Hosting public information meetings in the community;
- (b) Hosting First Nations and Metis focused open-house and information sessions;

- (c) Attending village and rural municipality council meetings;
- (d) Meeting in-person and/or over the phone with various landowners interested in the Tugaske Project and/or who are impacted by any of the Corporation's exploration or development efforts;
- (e) Communicating with local business, services providers, and interested parties for potential employment or service requirements for the Tugaske Project and/or operations;
- (f) Attending local community fundraising and social events;
- (g) Making charitable donations to local organizations, facilities, or causes;
- (h) Meeting and maintaining contact with the various government ministries, agencies, and officials, including technical and commercial groups and Crown corporations; and
- (i) Providing news releases and public disclosure regarding the advancement of the Tugaske Project on the Corporation's website, through quarterly teleconference calls, and other various media sources and publications.

The Corporation is committed to maintaining an open and consistent engagement with stakeholders throughout the life of the Tugaske Project and the life of any of the Corporation's future projects (if any) and to working to build a strong and trusting relationship with the communities in which the Corporation intends to build and operate the Tugaske Project and may build and operate future projects.

RISK FACTORS

The Corporation is subject to a number of risks. The risks and uncertainties described below are all of the significant risks that management of the Corporation is aware of and believe to be material to the business and results of operations of the Corporation. When reviewing forward-looking statements and other information contained in this AIF, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and Corporation-specific factors that may adversely affect future results of the Corporation. The Corporation operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management of the Corporation to predict all risk factors or the impact of such factors on the business of the Corporation. The Corporation assumes no obligation to update or revise these risk factors or other information contained in this AIF to reflect new events or circumstances, except as may be required by law.

Risks Related to the Corporation and Its Operations

Additional Requirements for Capital

Substantial additional equity funding will be required to fund the Corporation's equity commitment to the Tugaske SPV which is required in order to construct the Tugaske Project as the first stage in the Corporation's ultimate strategy of developing additional potash production modules. No assurances can be given that the Corporation will be able to raise the additional equity that it may require for its equity commitment to the Tugaske SPV or its anticipated future operations.

Potash prices, environmental rehabilitation, or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, and geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available as committed by the Senior Lenders, may involve restrictions on financing and operating activities.

There is no assurance that additional equity funding will be available on terms acceptable to the Corporation or at all. If the Corporation is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, incur financial penalties or reduce or terminate its operations.

The Corporation intends to use its existing capital resources to fund a portion of its equity commitment to the Tugaske SPV and for its ongoing general working capital requirements. The additional approximate \$105 million in equity capital that the Corporation will require to fund its equity commitment to the Tugaske SPV will be required to be obtained from other sources as of the date hereof, including, potentially, offerings of equity or debt securities by the Corporation. Further updates will be made as and when appropriate.

In the event that the Corporation cannot obtain some or all of the additional \$105 million (by way of equity funding) that it has committed to advance in equity capital to the Tugaske SPV pursuant to its agreements with HELM, the Corporation will be required to raise funds from alternative sources, which could include, to the extent available and acceptable to, inter alia, the Senior Lenders, include debt funding and/or further equity offerings of securities by the Corporation or a sale of a portion of the Corporation's interest in the Tugaske SPV.

The entering into of the Debt Facility is conditional on a number of conditions, including: completion of the above-mentioned equity offering (or sourcing alternative and acceptable capital of a similar quantum), the negotiating and settlement of the definitive facility and security documentation; the final approval by ECA relating to the export credit guarantee; and obtaining final approvals from the Senior Lenders for the Debt Facility. As a result, while the Corporation is confident in the Debt Facility Commitment Letter from the Senior Lenders, there is no assurance that the Debt Facility will be entered into on the terms anticipated, or at all.

The Corporation will require the financing from the Debt Facility to develop the Tugaske Project and bring the Tugaske Project into operation. If the Corporation is unable to negotiate successfully and enter into the Debt Facility, the Corporation will be required to replace this financing through other means, which may include issuances of Common Shares of the Corporation. There is no guarantee that the Corporation would be able, in these circumstances, to replace the Debt Facility with other suitable financing on commercially reasonable terms, or at all. Additionally, under any replacement financing arrangement, the Corporation may be required to issue equity securities to the lender or investor(s) under such financing arrangement, which would cause dilution for the Corporation's existing shareholders. A failure by the Corporation to obtain adequate financing, whether through the Debt Facility or otherwise, may result in a delay or indefinite postponement or the termination of the development of the Tugaske Project or any of the Corporation's other business activities and could result in a material adverse effect on the financial condition of the Corporation.

In order to receive ECA coverage for the Debt Facility, the Corporation is obligated to purchase certain products and services from Germany using funds advanced under the Debt Facility. Such requirement restricts the market for the Corporation's purchase of products and services and may result in the Corporation being required to purchase such products and services at elevated costs as compared to what the Corporation might have been able to negotiate if it were able to purchase such products or services outside of Germany on the free market. Additionally, the quality of the products and services received may not be equivalent to that which the Corporation could have received had such products and services been purchased outside of Germany. This could lead to increased operating costs and delays, which could have a material adverse effect on the Corporation's results of operations and financial condition.

Proposed Mining Method

The Corporation plans to use selective solution mining, otherwise known as "selective dissolution" at the Tugaske Project and any future potash projects undertaken by the Corporation. The selective dissolution method has not yet been used as the primary mining method in commercial operations in Saskatchewan. As such, there is no assurance that this method will yield the benefits expected by the Corporation, such as lowering capital costs and decreasing decommissioning costs. In the event that the "selective dissolution" method is unsuccessful at the Tugaske Project, or fails to deliver some or all of the benefits anticipated, the Corporation may be required to implement other mining methods at the Tugaske Project, which may result in additional capital expenditures at the Tugaske Project, delays in the development of the Tugaske Project and increased decommissioning costs in respect of the Tugaske Project which may cause the Tugaske Project to become uneconomic. Additionally, if the "selective dissolution" method is unsuccessful at the Tugaske Project, the Corporation may not be able to utilize this method at future potash production projects, which may inhibit or prohibit the Corporation's development of future potash production projects, as currently anticipated or at all. As a result, the failure of the "selective dissolution" method to be a viable mining method at the Tugaske Project may have a material and adverse impact on the business, results of operation and financial condition of the Corporation.

HELM Joint-Venture

The Corporation has plans to execute the Tugaske Project through the Tugaske SPV that will construct, own and operate the Tugaske Project. As noted elsewhere in this AIF, the Corporation has negotiated and finalized the Shareholder Agreement that will govern the joint ownership of the Tugaske SPV but the Shareholder Agreement has not yet been executed. Accordingly, there is no guarantee that the terms of the Shareholder Agreement governing the Tugaske SPV will match the current understanding of the parties or, that a joint-venture arrangement will be successfully entered into and implemented for the operation of the Tugaske Project with HELM, or that HELM will contribute any funds toward the development of the Tugaske Project or the Tugaske SPV.

In addition, the existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Corporation's profitability or the viability of Gensource's interests held through the proposed SPV, which could have a material adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition:

- disagreements with HELM on how to develop and operate the Tugaske Project efficiently;
- inability to exert influence over certain strategic decisions made in respect of the Tugaske SPV or the Tugaske Project, including with respect to the revenues of the SPV that are distributed to the Corporation;
- inability of HELM to meet its obligations to the Tugaske SPV;
- failure to obtain consent from the Minister of Energy and Resources to the transfer of well licence 141562 from the Corporation to the Tugaske SPV;
- inability of the Corporation to make its required equity commitment to the Tugaske SPV, which may result in the dilution of the Corporation's interest in the Tugaske SPV; and
- litigation between HELM and the Corporation regarding joint venture matters.

The Corporation intends to be the operator of the Tugaske Project following the development phase of the Tugaske Project. The Corporation will be subject to an Operations and Maintenance Agreement, now finalized but not executed with the Tugaske SPV. At some point in the future, operations and management of the Tugaske SPV may be internalized by the Tugaske SPV. The inability of the Corporation to manage the Tugaske Project effectively pursuant to the Operations and Management Agreement or the failure by the Tugaske SPV to prudently manage the operations of the Tugaske Project, could have a material adverse effect on our business, results of operations and financial position.

Offtake Agreement with HELM

The Corporation has entered into an Offtake Agreement with HELM whereby, as noted elsewhere in this AIF, HELM has agreed to purchase 100% of the potash production from the Tugaske Project. If circumstances were to arise that would result in HELM defaulting under the Offtake Agreement or terminating the Offtake Agreement, the Corporation's ability to market and sell the potash produced at the Tugaske Project could be impacted, resulting in a material adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Additionally, the Corporation is dependent on certain assets owned by HELM that the Corporation plans on using in connection with the production of potash at the Tugaskie Project that will be sold to HELM pursuant to the terms of the Offtake Agreement. If the Corporation is unable to use the assets due to HELM defaulting or terminating the Offtake Agreement, the Corporation may struggle in bringing the potash produced at the Tugaskie Project to market, which may result in an impact to our business and future operations.

Commodity Price Fluctuations

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

Dependence on Key Personnel

The Corporation has a small management team and the loss of a key individual could have an adverse effect on the future of the Corporation's business or cause delay in the plans of the Corporation.

The Corporation's future success will also depend in large part upon its ability to attract and retain appropriate personnel. There can be no assurance that the Corporation will be successful in attracting and retaining such personnel and an inability to do so could have a material and adverse effect on the Corporation's business, results of operations, financial condition and prospects.

Workforce and Labour Risks

Certain of the Corporation's operations may be carried out under potentially hazardous conditions. While the Corporation intends to operate in accordance with relevant health and safety regulations and requirements, the Corporation is susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be uninsurable or beyond the Corporation's control.

The Corporation may be unable to source personnel and equipment to meet its objectives, which could affect the Corporation's development schedule and financial position.

The Corporation's operations may be affected by labour-related problems in the future, such as

union demands and litigation for pay raises and increased benefits. There can be no assurance that work stoppages or other labour-related developments will not adversely affect the results of operations or the financial condition of the Corporation.

Competition

The mining industry can be competitive. The Corporation faces potential competition from other mining companies in connection with the acquisition of mineral properties, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Corporation which may give them a competitive advantage.

In addition, actual or potential competitors may be strengthened through the acquisition of additional assets which could adversely affect the Corporation's ability to acquire suitable additional properties in the future. The Corporation's success will depend on its ability to develop the Tugaske Project and in addition, select and acquire exploration and development rights on properties and recruit and retain qualified employees, and there can be no assurance that the Corporation will continue to be able to compete successfully with its rivals, particularly with those with greater access to financial resources, operational experience and technical capabilities.

Future Acquisitions and Joint-Ventures

The Corporation intends to evaluate opportunities to acquire and/or joint venture additional mining assets and businesses as part of its business objective to implement replicable potash production modules. These acquisitions or joint ventures may be significant in size, may change the scale of Gensource's business and may expose it to new geographic, operating, financial and geological risks. The Corporation's success in its acquisition and/or joint venture activities will depend on its ability to identify suitable acquisition and/or joint venture candidates and partners, acquire or joint venture them on acceptable terms and integrate their operations successfully with those of Gensource. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Gensource's ongoing business; the inability of management to maximize the financial and strategic position of Gensource through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of Gensource's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that Gensource would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

Dependence on Third Party Services

The Corporation will rely on products and services provided by third parties. If there is any interruption to the products or services provided by such third parties the Corporation may be unable to find adequate replacement services on a timely basis or at all.

The Corporation is unable to predict the risk of insolvency or other managerial failure, or the failure to otherwise deliver such products and services, by any of the contractors or other service providers currently or in the future used by the Corporation.

Reliance on Strategic and Commercial Relationships

In conducting its business, the Corporation will rely on continuing existing strategic and commercial relationships, including its relationship with Innovare for use of the Innovare Intellectual Property as part of the extraction process, and forming new relationships with other entities in the mining industry and also certain regulatory and governmental departments. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the loss of these relationships could have a material adverse effect on the results of operations or the financial condition of the Corporation.

Project Risks

The Corporation may manage and participate in a variety of projects in the conduct of its business. The Corporation's ability to execute projects and market potash will depend upon numerous factors beyond the Corporation's control, including: the availability of processing capacity; the availability of storage capacity; the supply of and demand for potash; the availability of equipment; unexpected cost increases; accidental events; currency fluctuations; changes in regulations; the availability and productivity of skilled labour; and the regulation of the industry by various levels of government and governmental agencies.

Because of these factors, the Corporation could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the potash that it produces. In particular, the existence of these factors at the Tugaske Project may result in delays in the development of the Tugaske Project, which may delay expected revenues from operations and cause cost estimates not to be accurate, which may result in significant cost over-runs that could make the Tugaske Project uneconomic, either of which would have a material and adverse effect on the business, financial condition and results of operations of the Corporation.

Compliance with Laws

The Corporation's operations are, and will going forward be, subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental

authorities), worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species, Indigenous communities' rights and other matters.

Any such legislation, and environmental legislation in particular, can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Corporation may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Compliance with these laws and regulations is costly and time intensive and the Corporation's complete compliance with all such laws and regulations cannot be guaranteed given the nature and complexity of such laws and regulations.

Any failure to comply with relevant environmental, health and safety and other laws and regulatory standards may subject the Corporation to extensive liability and fines and/or penalties and have an adverse effect on the business, results of operations, or prospects of the Corporation. In particular, a violation of environmental health and safety laws relating to a mine or other plant or a failure to comply with the instructions of the relevant environmental or health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine or other plant, a loss of the right to mine or to use other plant, or the imposition of costly compliance procedures. If health and safety authorities require the Corporation to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new environmental or health and safety laws and regulations, such measures could have a material adverse effect on the Corporation's results of operations or financial condition. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Corporation's business or have an otherwise negative impact on its operations. Any changes to, or increases in the current level of regulation or legal requirements may have a material adverse effect upon the Corporation in terms of additional compliance costs.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. As a result, there are certain risks inherent in the Corporation's activities and those which it anticipates undertaking in the future, such as, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances, that could subject the Corporation to potential liability. The Corporation cannot give any assurance that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

Indigenous Peoples

Various international and national laws, codes, resolutions, conventions, guidelines, and other similar rules and regulations relate to the rights of Indigenous peoples. The Corporation operates in some areas presently or previously inhabited or used by Indigenous peoples. Many of these rules and regulations impose obligations on government to respect the rights of Indigenous people. Some mandate that government consult with Indigenous people regarding government actions which may affect Indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to Indigenous people continue to evolve and be defined.

There is uncertainty with respect to Indigenous peoples land claims in Canada due to the decision of the Supreme Court of Canada in *Tsilhqot'in Nation v. British Columbia* (2014 SCC 44), which recognized the Tsilhqot'in Nation as holding aboriginal title to approximately 1,900 square kilometers of territory in the interior of British Columbia. This decision represents the first successful claim for aboriginal title in Canada and may lead other First Nations in Canada to pursue aboriginal title in their traditional land use areas. Such claims, if successful, may impact those projects or operations in Canada in which the Corporation holds a material interest, such as the Tugaske Project.

Additionally, the Corporation's current and future operations are subject to a risk that one or more groups of Indigenous people may oppose continued operation, further development, or new development of the Corporation's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Corporation's activities. Opposition by Indigenous people to the Corporation's operations may require modification of or preclude operation or development of the Corporation's projects or may require the Corporation to enter into agreements with Indigenous people with respect to the Corporation's projects, which may negatively impact the ability of the Corporation to continue the operation or development of any such project and may have a material and adverse effect on the financial condition of the Corporation and its results from operations.

Exploration and Development

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

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

Calculation of Reserves and Resources and Potash Recoveries

Mineral Reserves and Mineral Resources are based on estimates of mineral content and quantity derived from limited information acquired through drilling and other sampling methods and require judgmental interpretations of geology, structure, grade distributions and trends, and other factors. These estimates may change as more information is obtained. No assurance can be given that the estimates are accurate or that the indicated level of mineral product will be produced. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

In addition, the Mineral Reserve and Mineral Resource estimates are subject to updates from time to time as the geological and technical information on the mineralization increases. These Mineral Reserve and Mineral Resource updates may result in reclassification of resources from one category of resources to another and these reclassifications may have a follow-on impact on reserves. To the extent that these reclassifications of resources are from a higher category to a lower category, there may be a resulting negative impact on related Mineral Reserves. Any reduction of reserves resulting from reclassification of resources may ultimately impact on project economics, including net present values and internal rates of return. For future projects, these reductions may impact adversely on production decisions. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of declared Mineral Resources constitute or will be converted into reserves. Market price fluctuations of potash as well as increased production and capital costs, reduced recovery rates or technical, economic, regulatory or other factors may render proven and probable reserves unprofitable to develop at a particular site or sites for periods of time or may render Mineral Reserves containing relatively lower grade mineralization uneconomic. Successful extraction requires safe and efficient mining and processing. Moreover, short-term operating factors relating to the Mineral Reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore types, may cause Mineral Reserves to become uneconomic. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the reduction of the Mineral Reserve and Mineral Resource.

Failure to obtain or maintain necessary permits or government approvals, revocation of those permits and approvals, regulatory changes affecting necessary permits or government approvals, or environmental concerns could also cause a reduction in reserves and resources. There is also no assurance that the Corporation will achieve indicated levels of recovery or obtain the prices

for production assumed in determining the amount of any reserves. Anticipated levels of production may be affected by numerous factors, including mining conditions, labour availability and relations, weather and supply shortages.

Reclamation

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

Litigation

The Corporation may be subject to litigation arising in the normal course of business and may be involved in disputes with other parties, including governments and its workforce, in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price, failure to comply with disclosure obligations or labour disruptions at the Corporation's projects. The results and costs of litigation cannot be predicted with certainty. If the Corporation is unable to resolve these disputes favorably, it may have a material adverse impact on the financial performance, cash flow and results of operations of the Corporation.

Government Regulation and Political Risk

The Corporation's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. Future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Corporation or its properties, which could have a material adverse impact on the Corporation's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Corporation cannot assure whether any necessary permits will be obtained on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with any future exploration or development of its properties, which could have a material adverse impact on the Corporation's ongoing or planned operations or ongoing or planned development projects.

Operating Risks

The activities of the Corporation are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses.

Should any of these risks and hazards affect the Corporation's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Corporation's properties, require the Corporation to write-down the carrying value of one or more mineral projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Corporation.

Uninsured Hazards

The Corporation may be subject to substantial liability claims due to the inherently hazardous nature of its activities or for acts and omissions of contractors, sub-contractors or operators. Any indemnities the Corporation may receive from such parties may be limited or may be difficult to enforce if such contractors or sub-contractors or operators lack adequate resources.

The Corporation can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. The Corporation is also subject to the risk of unavailability, increased premiums or deductibles, reduced cover and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate. Accordingly, the Corporation might become subject to liability for which it is completely or partially uninsured, or for which it elects not to ensure because of unavailability, premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon the financial condition and/or results of operations of the Corporation.

Weather Conditions and Climate Change

It may not be possible to fully insure against adverse weather conditions, and should such events occur, liabilities may arise which could reduce or eliminate any future profitability, result in increasing costs or the loss of the Corporation's assets and a decline in the value of the Corporation's securities.

The Corporation acknowledges climate change and that increased environmental regulation

resulting therefrom may adversely affect the operations of the Corporation.

There is no assurance that the response of the Corporation to the risks posed by climate change and the corresponding legislation and regulation will be effective and the physical risks of climate change will not have an adverse effect on the Corporation's operations and profitability.

Permits and Licences

The operations of the Corporation require licences and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licences and permits that are required to carry out exploration and development at its properties. Regulations and policies relating to licences and permits may change or be implemented in a way that the Corporation does not currently anticipate and permits and licenses may take significantly greater time to obtain than anticipated by the Corporation. These licences and permits are subject to numerous requirements, including compliance with the environmental regulations, which may be difficult, time consuming, expensive or impossible for the Corporation to fulfill. The failure of the Corporation to obtain necessary licenses and permits on the timeline required, or at all, or the revocation or suspension of the permits or licenses obtained by the Corporation, could have a material adverse effect on its business, financial condition and results of operations.

Estimates in Financial Statements

Preparation of financial statements will require the Corporation to use estimates and assumptions. Accounting for estimates will require the Corporation to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Corporation could be required to write down the value of certain assets. On an ongoing basis, the Corporation will re-evaluate its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Changes in Capital and Operating Costs

Changes in the Corporation's capital costs and operating costs are likely to have an impact on its profitability. The Corporation's main planned production expenses include mining costs, transport costs, treatment costs and other overheads. Changes in costs of the Corporation's mining and processing operations can occur as a result of unforeseen events and could result in changes in profitability or resource estimates, including rendering certain mineral reserves uneconomic to mine. These factors include, but are not limited to: actual ore mined varying from estimates of grade, tonnage, dilution and other characteristics; natural phenomena, such as inclement weather conditions and floods; and mine failures or equipment failures. Many of these changes may be beyond the Corporation's control. Material increases in costs could have a material adverse effect on future cash flows, profitability, results of operations and the financial condition of the Corporation.

External Contractors and Sub-Contractors

During periods of growth in the mining industry, there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services.

As a result, the Corporation may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on the Corporation's business, results of operations, financial condition and prospects.

The Corporation is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Corporation in its activities. Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Corporation. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Corporation.

Transportation Delays

The Corporation is reliant upon public and privately owned transportation infrastructure to transport its potash product offsite. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations. Any such issues arising in respect of the supporting infrastructure or on the Corporation's site could materially and adversely affect the Corporation's results of operations or financial condition.

Furthermore, any failure or unavailability of the Corporation's operational infrastructure (for example, through equipment failure or disruption to its transportation arrangements) could adversely affect the production.

Sovereign Risks

The Corporation may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in Canada. These risks and uncertainties include, but are not limited to: inflation; labour unrest; risk of war or civil unrest, expropriation and nationalisation; renegotiations or nullification of existing concessions, permits and contracts; illegal mining; changes in taxation policy; restrictions on foreign exchange and repatriation; terrorist activities; extreme fluctuations in currency exchange rates; and changing political conditions; currency controls and government regulations that favour or require the awarding of

contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Effective System of Internal Controls

The Corporation's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, while at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Corporation's growth could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Moreover, the Corporation's management does not expect that its internal control over financial reporting will prevent or detect all errors and all fraud. Any such errors or fraud could cause the Corporation to be required to amend its financial statements and result in regulatory sanctions and/or liability, any of which could harm the Corporation's financial results, results of operation, business or share price.

Limitation on Actions Outside of Canada

The ability of Shareholders to bring actions or enforce judgements against the Corporation or the Directors may be limited. The ability of a Shareholder outside Canada to bring an action against the Corporation may be limited under law. The Corporation is incorporated under the OBCA. The rights of holders of Common Shares are governed by the OBCA and by the Corporation's Articles. A Shareholder outside Canada may not be able to enforce a judgement against the Corporation or some or all of the Directors and executive officers. Consequently, it may not be possible for a Shareholder outside Canada to effect service of process upon the Corporation or the Directors and executive officers within the Shareholder's country of residence or to enforce against the Corporation or the Directors and executive officers within the Shareholder's country of residence or to bring an action against the Corporation. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters or any judgements under the securities laws of countries other than Canada against the Corporation or the Directors or executive officers. In addition, courts outside Canada may not impose civil liability on the Corporation or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Corporation or the Directors in a court of competent jurisdiction in countries outside Canada.

Title to Assets

The Corporation's mineral property rights may be subject to prior unregistered agreements or transfers or Indigenous or other land claims and title may be affected by, among other things, unidentified or unknown defects. Title to, and the area of, the mineral interests held by the Corporation may be disputed. Any challenge to the title or access to any of the properties in which

the Corporation has an interest may have a negative impact on the Corporation, as the Corporation will incur delay and expenses in defending such challenge and, if the challenge is successful, the Corporation may lose any interest it may have in the subject property.

Potential Conflicts of Interest

Certain Directors and officers of the Corporation also serve as directors and officers of other public and private companies or have significant shareholdings in other public and private companies. Consequently, there exists the possibility that such Directors will be in a position of a conflict of interest in the ordinary course of the Corporation's business in dealings between these companies and the Corporation. While applicable corporate law requires any decision made by Directors to be made in accordance with applicable laws and the duties and obligations of the Directors to act honestly, in good faith and in the best interests of the Corporation, the Corporation does not have any agreements mandating the Directors and officers of the Corporation act in the best interests of the Corporation (including non-competition and non-disclosure agreements with management) and there can be no assurance that any such conflicts will be resolved in favour of the Corporation. If any such conflicts are not resolved in favour of the Corporation, the Corporation may be adversely affected.

Information Systems Security Threats

The Corporation is reliant on the continuous and uninterrupted operation of its information technology systems. As such, user access and security of all information technology systems (including cloud security) are critical elements to the operations of the Corporation, and, consequently, the protection against cyber security incidents with respect to the information technology systems of the Corporation is important for the Corporation to ensure it is able to continue its operations in the ordinary course of business. Any information technology system failure pertaining to availability, access or system security could result in a disruption of the Corporation's operations, and could adversely affect the reputation, operations or financial performance of the Corporation.

The information technology systems of the Corporation could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the employees or counter-parties of the Corporation. A cyber security incident resulting in a security breach or failure to identify a security threat could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy or securities laws and regulations and remediation costs. In addition, as the regulatory environment related to data/information security, data collection and use, and privacy evolves, with new and constantly changing requirements applicable to the Corporation's business, compliance with those requirements could also result in additional costs. The Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

If any of the foregoing events, or other negative events in respect of the information technology systems of the Corporation not described herein occur, the business, financial condition or results of operations of the Corporation could suffer. In that event, the market price of the Corporation's securities may decline and investors could lose part or all of their investment.

COVID-19

There exists a risk that the significant outbreak of COVID-19 across the world may detrimentally impact the Corporation's operations. The Corporation may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of the government responses to the spread of COVID-19 or other potential pandemics.

As a result of the COVID-19 outbreak, there are currently travel restrictions in place in many countries, with many land borders closed and suspensions of flights. These restrictions may have an immediate impact on the operations of the Corporation in terms of access to resources and supplies, disruption to operations and delays or increased costs in accessing resources and supplies. The outbreak of COVID-19 has demonstrated the need to have contingency plans in place in relation to the outbreak of pandemics, and has also resulted in a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Corporation will have to ensure that its future plans include an appropriate amount of contingency planning for the current COVID-19 and future pandemics, but are also likely to result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite the period of lock down. As such, costs could escalate from the level originally anticipated.

While the Corporation will seek to manage the effect of COVID-19 on its personnel and operations, if and when necessary, there can be no assurance that COVID-19 will not have an adverse effect on the future operations of the Corporation's projects or an investment in the Corporation.

Negative Operating Cash Flow

The Corporation is a development stage company and has not generated cash flow from operations. The Corporation is devoting significant resources to the development of its properties; however, there can be no assurance that it will generate positive cash flow from operations in the future. The Corporation expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Corporation currently has negative cash flow from operating activities. In the event that the Corporation's operating cash flow is not positive in future financial periods it may need to raise additional capital in order to fund operations. There is no guarantee that additional funds will be available on terms acceptable to the Corporation or at all.

Risks Related to the Common Shares

Common Share Price Volatility

The market price of the Common Shares may be volatile. The volatility may affect the ability of Shareholders to sell their Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revisions in securities analysts' estimates, governmental regulatory action, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Forward-Looking Statements" and the risk factors set forth in this document. In addition, capital markets have recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to change in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

Exposure to Economic Cycle

Market conditions may affect the value of the Corporation's share price regardless of operating performance. The Corporation could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or current exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Corporation could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Corporation may operate.

Market Perception

Market perception of smaller mining companies may change which could impact on the value of investors' holdings and impact on the ability of the Corporation to raise further funds by issue of further Common Shares. Future issues or sales of the Common Shares could cause the share price to decline. If the Corporation issues equity or debt securities in the future or if Shareholders sell a substantial number of the Common Shares in the public market, or if there is a perception that these sales or issuances might occur, the market price of the Common Shares could decline.

The Corporation may issue Common Shares, or other securities, from time to time pursuant to investments and acquisitions. In the event any such acquisition or investment is significant, the number of Common Shares, or the number or aggregate principal amount, as the case may be, of other securities that the Corporation may issue may in turn be significant, causing further downward pressure on the Corporation's share price.

The Corporation may have further capital requirements as it proceeds with its activities, or wants to take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Such continued and future development may require the issuance of Common Shares or other equity or debt securities in the future and any such issuance may result in the existing Shareholders sustaining dilution to their relative proportion of the equity in the Corporation. There may be other issues of equity securities, such as to key employees or personnel, which may further dilute the shareholding of existing Shareholders.

Dividends

The Corporation has paid no dividends on the Common Shares since incorporation and does not anticipate paying dividends in the immediate future. The payment of future dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial conditions, cash on hand, financial requirements to fund its commercial activities, development and growth, and other factors that the Board may consider appropriate in the circumstances.

Dilution

The Corporation may sell additional equity securities (including through the sale of securities convertible into Common Shares) and may issue additional debt or equity securities to finance our operations, exploration, development, acquisitions or other projects. The Corporation is authorized to issue an unlimited number of Common Shares. The Directors cannot predict the size of future sales and issuances of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in earnings per share.

Interest Rate Risks

Global financial conditions remain subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, and the state of the financial markets may cause fluctuations in interest rates which may adversely affect the Corporation's business, financial condition and results of operations.

Liquid Trading Market for the Common Shares

Shareholders of the Corporation may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common

Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Corporation's Common Shares on the trading market, and that the Corporation will continue to meet the listing requirements of the TSX-V or achieve listing on any other public listing exchange, including the AIM.

DIVIDENDS AND DISTRIBUTIONS

Gensource has not declared or paid any dividends or distributions on the Common Shares in the last three financial years and has no present intention of doing so. All available funds will be invested to finance the growth of our business.

DESCRIPTION OF CAPITAL STRUCTURE

Gensource has an authorized capital of an unlimited number of Common Shares without par value, 421,088,995 of which were issued and outstanding as of the date hereof.

Common Shares

The holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders and each Common Share confers the right to one vote in person or by proxy at all meetings of the Shareholders. The Shareholders, subject to the prior rights, if any, of the holders of any other class of shares of Gensource, are entitled to receive such dividends in any financial year as the Board may determine. In the event of liquidation, dissolution or winding-up of Gensource, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares, the remaining property and assets of Gensource.

Options

The Option Plan provides that the Board may from time to time, in its discretion, grant to Directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSXV. As at the date hereof, this represents 42,108,900 Common Shares available under the Option Plan.

Outstanding Options to purchase a total of 32,900,000 Common Shares have been issued to Directors, officers, employees, and consultants of the Corporation and remain outstanding. As at the date hereof, the number of Common Shares remaining available for issuance under the Option Plan is 9,207,900.

Broker Warrants

There are currently 1,397,165 Broker Warrants outstanding with an exercise price of \$0.18 per Broker Warrant until February 12, 2024.

Debentures

There are currently \$2,000,000 principal amount of Debentures issued and outstanding.

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 is June 30, 2023. The principal amount of each Debenture are convertible, in whole or in part, for no additional consideration, into 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 of June 30, 2023, and (ii) the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price equal to \$0.34 per Common Share.

MARKET FOR SECURITIES

Trading Price and Volume – Common Shares

The Common Shares are listed for trading on the TSXV under the trading symbol “GSP” and the AIM under the trading symbol “GSP”. The following table sets out the monthly price ranges and volumes of the Common Shares on the TSXV, during the 12 months ended December 31, 2021.

Month	Volume in all Canadian marketplaces	High (\$) on the TSX-V	Low (\$) on the TSX-V
January 2021	7,621,150	\$0.250	\$0.190
February 2021	4,616,782	\$0.240	\$0.190
March 2021	5,391,152	\$0.240	\$0.190
April 2021	5,055,678	\$0.230	\$0.205
May 2021	4,514,418	\$0.250	\$0.200
June 2021	2,726,478	\$0.235	\$0.210
July 2021	2,729,864	\$0.240	\$0.205
August 2021	6,440,530	\$0.250	\$0.215
September 2021	9,377,380	\$0.320	\$0.260
October 2021	9,865,021	\$0.420	\$0.270
November 2021	8,903,108	\$0.475	\$0.355
December 2021	5,718,279	\$0.385	\$0.300

Source: TMX Infosuite

PRIOR SALES

During the year ended December 31, 2021, the Corporation issued the following securities not listed or quoted on an exchange or marketplace:

on February 12, 2021, the Corporation issued 1,397,165 broker warrants to certain finders pursuant to a private placement offering. Each broker warrant is exercisable into a Common Share

at an exercise price of \$0.18 for a period of 36 months following the closing date of the private placement offering;

on April 21, 2021, the Corporation granted 1,000,000 Options to an independent director of the Corporation in accordance with the Option Plan. Each Option is exercisable into one Common Share at an exercise price of \$0.21 per Common Share for a period of five years from the date of grant;

on July 16, 2021, the Corporation granted 5,750,000 Options to certain directors and senior officers of the Corporation in accordance with the Option Plan. Each Option is exercisable into one Common Share of the Corporation at an exercise price of \$0.215 per Common Share for a period of five years from the date of grant;

on August 3, 2021, the Corporation granted 1,250,000 Options to an officer and certain Independent Directors of the Corporation in accordance with the Option Plan. Each Option is exercisable into one Common Share of the Corporation at an exercise price of \$0.22 per Common Share for a period of five years from the date of grant; and

on October 19, 2021, the Corporation issued \$2,000,000 principal amount of Debentures to certain directors, officers and employees of the Corporation at a price of \$1,000 per Debenture.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO A CONTRACTUAL RESTRICTION ON TRANSFER

As of the date hereof, except as described in the table below, there are no Common Shares subject to escrow agreements or contractual restrictions on transfer.

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Common Shares	37,453,386 ⁽¹⁾	8.89%

Note:

- (1) These Common Shares are held by the Locked-in Shareholders that have each entered into Lock-in Agreements pursuant to which each Locked-in Shareholder has undertaken that, in accordance with Rule 7 of the AIM Rules for Companies, subject to limited exceptions, he or she will not dispose of any interest in Common Shares during the period of 12 months from the AIM Admission (which took place on November 5, 2021). For more details with respect to the Lock-in Agreements, see "General Description of the Business - Contracts Relating to the AIM Admission – Lock-in Deed."

DIRECTORS AND OFFICERS

The names of the Directors and officers of the Corporation are indicated below. The term of office of each Director will expire at the next annual meeting of Shareholders.

Name and Jurisdiction	Position held with the Corporation	Director and Officer of the Corporation Since	Principal Occupation for the Preceding Five Years
Michael J. Ferguson ⁽³⁾ <i>British Columbia, Canada</i>	Chief Executive Officer, President and Director	June 10, 2013	Mr. Ferguson has been the President of FCON Consulting Ltd. from January 2007 to the date hereof. Mr. Ferguson was the Vice President o Projects of Potash One Inc. from January 2008 to January 2011.
Alton Anderson <i>Saskatchewan, Canada</i>	Chief Financial Officer and Director	April 1, 2021 (CFO) and April 21, 2021 (Director)	Former Senior Director Business Transformation, Senior Director Business Process Improvement, Director Business Process Management, Director Supply Chain Management and Assistant Controller of PotashCorp (now Nutrien).
Michael P. Mueller ⁽¹⁾⁽²⁾⁽⁴⁾ <i>Ontario, Canada</i>	Director	July 19, 2018	Mr. Mueller is the former Chairman of PSP Investments (Public Sector Pension Investment Board) where he served from 2006 to 2018. From 2003 to 2005, he was President and Chief Executive Officer of MDS Capital Corporation. Prior to that, Mr. Mueller held a series of senior positions at TD Bank Financial Group.
Amy O'Shea ⁽¹⁾⁽³⁾⁽⁵⁾	Director	April 1, 2020	Ms. O'Shea is the President and

<i>Maryland, USA</i>			Chief Executive Officer of Certis Biologicals USA. Ms. O'Shea is the former Vice President, Business Sector, North American Agricultural Solutions for FMC Corporation and is a current director of Intag Systems.
Stephen Dyer ⁽¹⁾⁽²⁾ <i>Ontario, Canada</i>	Director	April 21, 2021	Former Chief Financial Officer and Senior Vice President of Agrium Inc., and its predecessors, with full profit and loss (P&F) responsibility for the largest global agriculture retail network spanning seven countries, 12,000 employees and generating \$1.1B in earnings before interest, taxes, depreciation and amortization (EBITDA) from revenue of \$12B.
Calvin Redlick ⁽¹⁾⁽²⁾⁽³⁾ <i>London, United Kingdom</i>	Director	November 8, 2017	Managing Director of CS Redlick from 2013 to the date hereof. Mr. Redlick is a former global investment banker at Wyvern Partners, Mitsubishi UFJ Securities, DTZ Corporate Finance, BNP Paribas, CIBC Wood Gundy, Sumitomo-Mitsui.
Robert Theoret <i>Saskatchewan, Canada</i>	Vice President, Corporate Finance and Business Development	April 1, 2021	Chief Financial Officer of the Corporation from 2013 to April 2021. Mr. Theoret was the Chief Financial Officer of Admiralty Oils Ltd. from 2010 to 2016 and the President of HCF Mercantile Inc. from 2010 to the date hereof.
Deborah Morsky <i>Saskatchewan,</i>	Vice-President, Corporate Services	June 10, 2013	Vice-President, Corporate Services and Corporate Secretary of the Corporation since June 10, 2013.

Canada	Corporate Secretary		
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Notes:

- (1) Independent Director.
- (2) Member of the Audit Committee.
- (3) Member of the Governance and Nomination Committee.
- (4) Chair of the Audit Committee.
- (5) Chair of the Governance and Nomination Committee.

Ownership of Securities by Directors and Officers

As of the date hereof, the Directors and executive officers as a group beneficially owned or exercised control or direction over, directly or indirectly, an aggregate of 34,878,185 Common Shares, representing approximately 8.28% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no proposed Director of the Corporation:

- is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:
 - was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days (any such order, an “**Order**”) while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any issuer (including the Corporation), that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the proposed director’s assets; or
- has, within the 10 years before the date hereof, become bankrupt, made a proposal

under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties and Sanctions

No proposed director of the Corporation has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Mr. Mueller was a director of Magor Corporation (“**Magor**”) from March 11, 2013 until November 18, 2016 when he resigned. On November 30, 2016, Magor filed a Notice of Intention to Make a Proposal pursuant to Part III of the *Bankruptcy Insolvency Act* (Canada). Ernst & Young was appointed as trustee in Magor’s proposal proceedings, which ultimately led to creditors approving the sale of Magor’s wholly owned subsidiary to N. Harris Computer Corporation in 2017.

Conflicts of Interest

Certain of our Directors and officers serve or may agree to serve as directors or officers of other reporting companies, including public companies, or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which we may participate, the Directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Directors, a Director who has a conflict abstains from voting for or against the approval of such participation or such terms and such Director will not participate in negotiating and concluding terms of any proposed transaction. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Provinces of Ontario and Saskatchewan, the Directors are required to act honestly, in good faith and in the best interests of the Corporation.

AUDIT COMMITTEE

In accordance with applicable Canadian securities legislation and, in particular, NI 52-110, information with respect to Audit Committee is set out below.

Audit Committee Charter

The text of the Charter of the Audit Committee is attached hereto as Schedule "A".

Composition

The Audit Committee is comprised of Michael Mueller (Chair) Stephen Dyer and Calvin Redlick. The Board has determined that each of the members of the Audit Committee is independent within the meaning of applicable securities laws and financially literate as defined in NI 52-110.

Relevant Education and Experience

Mr. Mueller has an MBA from York University (1983) and a BSc from Western University (1981). Mr. Mueller has been a director of Pediapharm Inc. (TSXV) since May 2013. He also served as a director and chairman of Annidis Crop. (TSXV) from September 2009 to September 2015 and a director of Magor Corporation (TSXV) from November 2010 to November 2016. Mr. Mueller is currently Chairman of Laurentian Bank of Canada and Revera Senior Living. All of these positions held by Mr. Mueller require him to be able to read and understand financial statements.

Mr. Dyer has a P. Eng designation from the Association of Professional Engineers of Alberta since 1993 and a BSc from Queen's University (1991). He was the Chief Financial Officer of Agrium Inc. (TSX) (now Nutrien Ltd.) from May 2011 to April 2014 and Senior Vice President of Agrium Inc. from April 2014 to July 2017. He has also been a director of UPL Corporation (NSE) since March 2019.

Mr. Redlick has an LLB (Honours) from the University of Wales (1986) and a B.A. from the University of Saskatchewan (1983). Mr. Redlick has been a global investment banker for over 30 years. Mr. Redlick owns his own firm, CS Redlick, and previously served as an investment banker with Wyvern Partners, Mitsubishi UFJ Securities, DTZ Corporate Finance, BNP Paribas, CIBC Wood Gundy and Sumitomo-Mitsui. Mr. Redlick's career as an investment banker has required him to be able to read and understand financial statements.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year

has the Corporation relied on an exemption in Section 2.4 of NI 52-110 dealing with the pre-approval of non-audit services, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Engagement of non-audit services must be pre-approved by the Audit Committee.

External Auditor Service Fees

Audit Fees. The aggregate fees billed by the Corporation's external auditor in each of the last two fiscal years for audit fees were \$40,000 in 2020 and \$98,475 in 2021. The Corporation's external auditors completed interim review audits for the periods ending March 31, 2021, June 30, 2021 and September 30, 2021 in addition to the December 31, 2021 audit.

Audit-Related Fees. The aggregate fees billed for audit-related services by the Corporation's external auditor in each of the last two fiscal years were \$0.00 in 2020 and \$0.00] in 2021.

Tax Fees. The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning were \$2,750 in 2020 and \$5,400 in 2021. The fees related primarily to the compilation of corporate tax returns and related consultation.

All Other Fees. There were no other fees billed in respect of other professional services in 2020. Fees for due diligence support (AIM listing) were \$6,500 and base shelf prospectus review \$5,350 in 2021.

Exemption

The Corporation has relied on the reporting exemption set out in Section 6.1 of NI 52-110 available to venture issuers exempting the Corporation from the requirements of Part 5 (Reporting Obligations) of NI 52-110.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as disclosed below, management of the Corporation is not aware of any material legal proceedings or regulatory actions to which the Corporation or a subsidiary, if any, is a party or of which any of their respective property is subject and, to the knowledge of management of the Corporation, no such proceedings are contemplated.

A statement of claim (the "**Eberhardt Claim**") was filed and served against the Corporation, Michael Ferguson, President, Chief Executive Officer and a Director of the Corporation, and HELM in the Saskatchewan Court of Queen's Bench by Frank Eberhardt, Carl F Peters GmbH & Co. and 11664735 Canada Ltd. (collectively, "**Eberhardt**"). Carl F Peters is a shipping company operating in Hamburg, Germany, operated by Mr. Eberhardt. 11664735 Canada Ltd. is a Canadian company beneficially owned by Mr. Eberhardt, which holds the 1.5% Vanguard Royalty. See "General

Development of the Business – Commercial Contracts - Royalty Agreements”. The Eberhardt Claim alleged, among other things, that Gensource and HELM 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 as well as a number of other remedies, including general damages. Subsequent to December 31, 2021, on February 11, 2022, the Corporation, HELM AG and Michael Ferguson entered into the Eberhardt Settlement Agreement. The Eberhardt Settlement Agreement resolved all matters arising from the Eberhardt Claim.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any Directors and executive officers, persons that beneficially own, control or direct, directly or indirectly, more than 10% of any class or series of securities of the Corporation or any associates or affiliates of such persons within the three most recently completed financial years that materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

Gensource’s Transfer Agents and Registrars are TSX Trust Company located at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 and Computershare Investor Services (Jersey) Limited, located at 13 Castle Street, St. Helier JE1 1ES, Jersey, Channel Islands.

MATERIAL CONTRACTS

The following is a summary of the material contracts of the Corporation, other than contracts entered into in the ordinary course of business.

- (a) the Offtake Agreement. For a summary of the Offtake Agreement see “Description of the Business – Commercial Contracts – The Offtake Agreement”;
- (b) the 2018 Offtake Agreement. For a summary of the 2018 Offtake Agreement, see “General Development of the Business – Description of the Business – Commercial Contracts - Offtake Agreement with Third Party Agri-Business Company”; and
- (c) the Royalty Agreements. For a summary of the Royalty Agreements, see “Description of the Business – Commercial Contracts – Royalty Agreements”.

Copies of these material contracts are available for inspection at the registered office of the Corporation at Suite 1100 – 201 1st Avenue South, Saskatoon, Saskatchewan Canada, S7K 1J5 upon reasonable notice and on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

The following is a list of information produced by other experts, relied upon for the creation of the Tugaske Project Technical Report:

The Authors of the Tugaske Technical Report are Louis Fourie, P.Geo; Douglas Hambley, PH.D., P.E., P.Eng. P.G., Devon Atkings, P.Eng.; Lindsay Ruel, P.Eng.; Danny Bernard, P.Eng.; Kyle Blixt, P.Eng.; Sheridan Fjeld, P.Eng.; and Michael J. Ferguson, P.Eng. Except as otherwise stated in this AIF, the Authors do not have any beneficial interest, direct or indirect, in any securities or other property of the Corporation.

Mr. Ferguson is the Chief Executive Officer, President and a Director of the Corporation. Mr. Ferguson owns 16,732,708 Common Shares and \$875,000 principal amount of Debentures. For more information with respect to Mr. Ferguson's compensation, please see the Corporation's management information circular dated May 4, 2021 available under Gensource's profile on SEDAR at www.sedar.com.

MNP LLP, the auditors of the Corporation, have advised the Corporation that it is independent of the Corporation within the meaning of the Chartered Professional Accountants of Ontario Rules of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to Gensource may be found on SEDAR at www.sedar.com, including financial and other information in our consolidated financial statements and management's discussion and analysis for the year ended December 31, 2021, under "Gensource Potash Corp."

Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of Gensource's securities, and securities authorized for issuance under equity compensation plans is contained in Gensource's Information Circular for our most recent annual general meeting of security holders that involved the election of Directors.

GLOSSARY

Capitalized terms used in this AIF have the meanings ascribed to them below.

“**2018 Offtake Agreement**” has the meaning ascribed to that term in “Description of the Business – Commercial Contracts - Offtake Agreement with Third Party Agri-Business Company”;

“**AIF**” means this annual information form dated April 22, 2022;

“**AIM**” means the AIM Market of the London Stock Exchange plc;

“**AIM Admission**” means the admission of the Common Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies, which took place on November 5, 2021;

“**AIM Rules**” means the AIM Rules for Companies and the AIM Rules for Nominated Advisors;

“**AIM Rules for Companies**” means the AIM Rules for Companies issued by the London Stock Exchange governing admission to and the operation of AIM, as amended or re-issued from time to time;

“**AIM Rules for Nominated Advisors**” means the AIM Rules for Nominated Advisers issued by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time;

“**Amended Supplemental Debt Facility Mandate Letter**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 - Securing of Debt Facility for the Tugaske Project”;

“**Articles**” means the articles of amalgamation of the Corporation dated July 1, 2013, as amended on July 7, 2021;

“**Audit Committee**” has the meaning ascribed thereto under “Directors and Officers – Committees of the Corporation”;

“**Authors**” means, collectively, Louis Fourie, P.Geo; Douglas Hambley, PH.D., P.E., P.Eng. P.G., Devon Atkings, P.Eng.; Lindsay Ruel, P.Eng.; Danny Bernard, P.Eng.; Kyle Blixt, P.Eng.; Sheridan Fjeld, P.Eng.; and Michael J. Ferguson, P.Eng.;

“**Base Shelf Prospectus**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – Base Shelf Prospectus”;

“**Block 59**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – Acquisition of Block 59”;

“**Board**” means the board of Directors of the Corporation;

“**Broker Warrants**” warrants to purchase Common Shares issued by the Corporation to finders or other persons for services provided in connection with an offering of securities by the Corporation;

“**CIM**” means Canadian Institute of Mining, Metallurgy and Petroleum;

“**CIM Standards**” means the CIM Definition Standards for Mineral Resources and Mineral Reserves adopted on August 20, 2000, as amended;

“**CN**” means Canadian National Railway;

“**Common Shares**” means the common shares of the Corporation, and includes a fraction thereof;

“**Corporation**” or “**Gensource**” means Gensource Potash Corporation and includes, where the context requires, predecessors to the Corporation and any subsidiary of the Corporation;

“**COVID-19**” means novel coronavirus disease, also known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), and each strain thereof;

“**CP**” means Canadian Pacific Railway;

“**Debentures**” means the 5% convertible redeemable unsecured debentures of the Corporation due June 30, 2023 issued on October 19, 2021;

“**Debt Facility**” has the meaning ascribed to that term in “Description of the Business – Commercial Contracts – Debt Facility Commitment Letter and ECA Insurance Coverage”;

“**Debt Facility Commitment Letter**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 - Securing of Debt Facility for the Tugaska Project”;

“**Debt Facility Mandate Letter**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2019 - Formal Mandate of KfW to Act as Lead Arranger of the Debt Facility”;

“**Directors**” means the directors of the Corporation;

“**Disclosure Documents**” means information contained in the technical reports, news releases and other public filings of the Corporation that are available on SEDAR at www.sedar.com;

“**EAA**” means *The Environmental Assessment Act* (Saskatchewan), and regulations promulgated thereunder, as amended;

“**Eberhardt**” has the meaning ascribed to that term in “Legal Proceedings and Regulatory Matters”;

“**Eberhardt Claim**” has the meaning ascribed to that term in “Legal Proceedings and Regulatory Matters”;

“**Eberhardt Settlement Agreement**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – Developments Since December 31, 2021 – Eberhardt Settlement Agreement”;

“**ECA**” means the Euler Hermes Aktiengesellschaft, or otherwise known as the Export Credit Agency in Germany;

“**EDC**” means Export Development Canada;

“**Engcomp**” means ENGCOMP Engineering & Computing Professionals;

“**Export Contracts**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – Securing of Debt Facility for the Tugaske Project”;

“**FEED**” means front-end engineering design;

“**First Supplemental Debt Facility Mandate Letter**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2020 - Addition of SocGen to Senior Lender Consortium”;

“**HELM**” means, collectively, HELM AG and its North American subsidiary, HELM Fertilizer Corp.;

“**HELM Credit Facility**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – HELM Credit Facility”;

“**Independent Directors**” means those Directors who are independent of management of the Corporation and are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from security holdings;

“**Innovare**” means Innovare Technologies Ltd.;

“**Innovare Licensing Agreement**” means the Intellectual Property Licensing Agreement between the Corporation and Innovare dated January 1, 2017;

“**Innovare Intellectual Property**” has the meaning ascribed to that term in “Description of the Business – Intangible Properties”;

“**Innovare Purchase Agreement**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – Innovare Transaction”;

“**Innovare Royalty**” has the meaning ascribed to that term in “Description of the Business – Commercial Contracts – Royalty Agreements – Innovare Licensing Agreement”;

“**Innovare Transaction**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – Innovare Transaction”;

“**Introduction Agreement**” has the meaning ascribed to that term in “Description of the Business – Contracts Relating to the AIM Admission – Introduction Agreement”;

“**KClean**” means KClean Potash Corporation, the Tugaske SPV;

“**KfW**” means KfW IPEX-Bank of Germany;

“**KKE**” means, collectively, the German consortium of K-UTEC AG Salt Technologies, Koeppern GmbH & Co KG, and Ebner GmbH & Co KG;

“**KL 244**” means Subsurface Mineral Lease No. KL 244 dated August 30, 2016 between the Corporation (as successor in interest to Yancoal Canada Resources Co., Ltd,) and Her Majesty the Queen in Right of Saskatchewan;

“**KL 245**” means Subsurface Mineral Lease No. KL 245 dated August 30, 2016 between the Corporation (as successor in interest to Yancoal Canada Resources Co., Ltd,) and Her Majesty the Queen in Right of Saskatchewan;

“**Lazlo Area**” means the main area of exploration interest of the Corporation other than the Vanguard Area, surrounding the Town of Craik, Saskatchewan, which is approximately 50 kilometres northeast of the Vanguard Area and consists entirely of freehold minerals leases of the Corporation;

“**Lock-in Agreements**” has the meaning ascribed to that term in “Description of the Business – Contracts Related to the AIM Admission - Lock-in Deed”;

“**Locked-in Shareholders**” has the meaning ascribed to that term in “Description of the Business – Contracts Related to the AIM Admission - Lock-in Deed”;

“**mineral reserves**” means as defined in the CIM Standards;

“**mineral resources**” means as defined in the CIM Standards;

“**MOU**” means memorandum of understanding;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**Nomad Agreement**” has the meaning ascribed to that term in “Description of the Business – Contracts Relating to the AIM Admission – Nominated Adviser Agreement”;

“**North Rim**” means North Rim Exploration Ltd.;

“**NPV**” means net present value;

“**OBCA**” means the *Business Corporations Act* (Ontario), and the regulations thereunder, as amended;

“**Offtake Agreement**” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2021 – Offtake Agreement with HELM”;

“**Operations and Maintenance Agreement**” means the agreement being negotiated, and to be entered into closer to the time of commissioning of the Tugaske Project, between KClean and the Corporation, wherein the Corporation will provide operations and maintenance services to the Tugaske Project for an initial period;

“**Option Plan**” means the stock option plan of the Corporation effective June 1, 2018;

“**Options**” means incentive stock options to acquire Common Shares, granted under the Option Plan;

“**Peel Hunt**” means Peel Hunt LLP;

“Prior Tugaske Project Technical Report” means the technical report dated March 8, 2021, effective February 26, 2021, and prepared by the Authors with respect to the Tugaske Project in accordance with NI 43-101 entitled “Technical Report Summarizing the Tugaske Project, Saskatchewan”;

“Qualified Person” means a “Qualified Person” as defined in NI 43-101;

“Registrars” means TSX Trust Company and Computershare Investor Services (Jersey) Limited;

“RPS” means RPS Energy Canada Ltd.;

“SaskPower” means Saskatchewan Power Corporation;

“SaskTel” means Saskatchewan Telecommunications Holding Corporation;

“SEC” means the U.S. Securities and Exchange Commission;

“Second Supplemental Debt Facility Mandate Letter” has the meaning ascribed to that term in “General Development of the Business – Three Year History – 2020 - Second Supplemental Debt Facility Mandate Letter”;

“Senior Lenders” means, collectively, SocGen and KfW;

“Shareholder” means a holder of Common Shares;

“Shareholder Agreement” has the meaning ascribed to that term in “General Description of the Business – Commercial Contracts – Shareholder Agreement”;

“Shareholder Rights Plan” means the shareholder rights plan agreement of the Corporation dated April 8, 2019;

“Shortfall Amount” has the meaning ascribed to that term in “General Description of the Business – Commercial Contracts – The Offtake Agreement”;

“SocGen” Société Générale S.A.;

“SRC” means the Saskatchewan Research Council;

“SRC Facility” means the geoanalytical laboratories of the SRC located in Saskatoon, Saskatchewan;

“Strand Hanson” means Strand Hanson Limited;

“Subsurface Laboratory” means the Subsurface Geological Laboratory, Saskatchewan Geological Survey, located in Regina, Saskatchewan;

“Subsurface Mineral Regulations” means *The Subsurface Mineral Royalty Regulations, 2017 (Saskatchewan)*, as amended from time to time;

“Subsurface Minerals” means all natural mineral salts of boron, calcium, lithium, magnesium, potassium, sodium, bromine, chlorine, fluorine, iodine, nitrogen, phosphorus and sulphur, and their compounds, occurring more than 60 metres below the surface of the land;

“Technical Information” means the scientific and technical information in this AIF;

“thinkHERO” means thinkHERO Incorporated;

“TMS” means Terra Modelling Services Inc.;

“Transfer Agents” means TSX Trust Company and Computershare Investor Services (Jersey) Limited;

“TSXV” means the TSX Venture Exchange;

“Tugaske Project” means the potash development project of the Corporation located in the Vanguard Area on Section 4, Township 22, Range 02, West of the Third Meridian, approximately 6 kilometres southeast of Tugaske, Saskatchewan;

“Tugaske Project Technical Report” means the technical report dated October 14, 2021, effective May 16, 2021, and prepared by the Authors with respect to the Tugaske Project in accordance with NI 43-101 entitled “Technical Report Summarizing the Tugaske Project, Saskatchewan”;

“Tugaske SPV” means special purpose vehicle which will finance, own, construct and operate the Tugaske Project. KClean has been incorporated to serve as the Tugaske SPV;

“Vanguard Area” means the approximately 72,000 acres of crown mineral leases in the Province of Saskatchewan, KL 244 and KL 245;

“Vanguard One Feasibility Report” has the meaning ascribed to that term in “Tugaske Project – Tugaske Project Technical Report – History”;

“Vanguard Royalties” has the meaning ascribed to that term in “Description of the Business – Commercial Contracts – Royalty Agreements”;

“U.S.” means United States of America; and

“Yancoal” means Yancoal Canada Resources Co. Ltd.

GLOSSARY OF TECHNICAL TERMS

The following technical terms shall have the following meanings in this document unless context requires otherwise:

Carnallite	common evaporate mineral, considered deleterious in a sylvite mine, $\text{KMgCl}_3 \cdot 6(\text{H}_2\text{O})$;
CAGR	compound annual growth rate;
CAPEX	capital expenditure;
DCF	discounted cash flow;
FEED	front end engineering design;
Halite	sodium chloride, the majority constituent of most evaporites, NaCl ;
IRR	internal rate of return;
Indicated Mineral Resource	that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit;
Inferred Mineral Resource	that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling;
K_2O	potassium oxide;
KCl	potassium chloride;
km^2	square kilometre(s);
kV	kilovolts;
m	meter(s);
	Measured Mineral Resource that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying

	factors to support detailed mine planning and final evaluation of the economic viability of the deposit;
Mineral Reserve	the economically mineable part of a Measured and/or Indicated Mineral Resource;
Mineral Resource	a concentration or occurrence of material of economic interest in or on the earth's crust in such form, grade/quality and quantity that there are reasonable prospects for eventualeconomic extraction;
mm	millimetre(s);
module	potash production facility designed by Gensource;
MOP	muriate of potash, a commonly used potassium-bearing fertilizer comprising minimum 60% K ₂ O, or approximately 96% KCl, and the product the Tugaske Project will produce;
Mt	mega tonne(s) (1 million metric tonnes);
Mtpa	million tonne(s) per annum;
NOL	net operating losses;
NPK	a fertilizer equally balanced with nitrogen, phosphorus and potassium;
NPV	net present value;
NPS	nominal pipe size;
OPEX	operating expenses;
PLM	Patience Lake member;
Potash	a generic name of potassium bearing fertilizers;
Probable Mineral Reserve	those additional Mineral Reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Reference CIM (Canadian Institute of Mining, Metallurgy, andPetroleum) Definition Standards, May 10, 2014;
production capacity	is the extraction rate possible to achieve in a given time with

	finite resources under expected and normal conditions;
Proved Mineral Reserve	those Mineral Reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;
ROI	radii-of-influence;
SOP	sulphate of potash, or potassium sulphate, a common potassium-bearing fertilizer;
sylvite	main potash mineral, KCl;
sylvinite	sylvite dominated salt beds, or mechanical mixture of sylvite and halite ore;
t/y	tonnes per year;
ton	a unit of weight, equal to 2,000 pounds or 907.18 kg, used in the imperial units system and commonly used in the United States;
t or tonne	a unit of weight used in the metric system, equal to 1,000 kilograms; and
WBS	work breakdown structure.

SCHEDULE A

GENSOURCE POTASH CORPORATION

AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Gensource Potash Corporation (“**Gensource**” or the “**Corporation**”).

1.0 Mandate

The Committee shall:

- (a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
- (b) assess the effectiveness of the Corporation’s risk management and compliance practices;
- (c) assess the independent auditor’s performance, qualifications and independence;
- (d) assess the performance of the Corporation’s internal audit function;
- (e) ensure the Corporation’s compliance with legal and regulatory requirements; and
- (f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

2.0 Composition and Membership

The committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. A majority of the members of the Committee shall not be an officer or employee of the Corporation. All members shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a one year term. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their number. The Chairman shall not be a former Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

- (a) a quorum for meetings shall be at least two members;
- (b) the Committee shall meet at least quarterly;
- (c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours in advance of such meeting; and
- (d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

3.0 Duties and Responsibilities

3.1 Oversight of the Independent Auditor

- (a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
- (b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.

- (c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- (d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.
- (e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- (f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- (g) Review as necessary policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

3.2 Financial Reporting

- (a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- (b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.
- (c) Review and discuss with Management and the independent auditor management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on management's assessment.
- (d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.
- (e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection

with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.

- (f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.
- (g) Discuss with the independent auditor at least annually any "Management" or "internal control" letters issued or proposed to be issued by the independent auditor to the Corporation.
- (h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
- (i) Discuss with Management the Corporation's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
- (k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- (l) Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation's

internal controls.

- (m) Discuss with the Corporation's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

3.3 Oversight of Risk Management

- (a) Review and approve periodically Management's risk philosophy and risk management policies.
- (b) Review with Management at least annually reports demonstrating compliance with risk management policies.
- (c) Review with Management the quality and competence of Management appointed to administer risk management policies.
- (d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation's risk management practices together with Management's responses.
- (e) Discuss with Management at least annually the Corporation's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

3.4 Oversight of Regulatory Compliance

- (a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- (c) Meet with the Corporation's regulators, according to applicable law.
- (d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

4.0 Funding for the Independent Auditor and Retention of Other Independent Advisors

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Gensource's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

5.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.
4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

6.0 Procedures for Approval of Non-Audit Services

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

- (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions;
 - (g) human resources;
 - (h) broker or dealer, investment adviser or investment banking services;
 - (i) legal services;
 - (j) expert services unrelated to the audit; and
 - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

7.0 Reporting

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the annual information form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

8.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding Gensource that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members.

9.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.