

## GENSOURCE PROVIDES GENERAL BUSINESS UPDATE

**SASKATOON, Saskatchewan – March 17, 2016 – Gensource Potash Corporation** (“Gensource” or the “Company”) (TSX.V: GSP) is pleased to provide the following information on its activities. The intent is to give a general update on its business activities for the last quarter of 2015 and the first quarter of 2016.

The last quarter of 2015 and first quarter of 2016 has been a busy time at Gensource. In that period, we worked with our Brazilian partner to identify additional end-user market partners – agricultural groups in Brazil who will be the future customers for our potash. We also advanced similar business discussions with other geographically diverse groups. Additionally, during that period, we raised over \$2M (split almost equally between “hard” shares and “flow through” shares) to execute our immediate business plan. The flow through investment will be used for follow-on drilling and seismic work (“Canadian Exploration Expenditures”) and the “hard” dollars raised will be used for advancing project development, including engineering work, initial phase environmental assessment and general working capital (see Gensource news releases dated 28Dec2015 and 04Nov2015).

Management continues to introduce and explain our vertical integration strategy to other large agricultural producer groups and/or retailers and, from that perspective, build the complement of business partner relationships required for the supply of potash fertilizers. These include businesses such as well-organized farmer co-operatives and logistics groups with their essential infrastructure for product storage and transport. We are working with both new contacts as well as our existing partner.

Gensource's business plan is one that capitalizes on the flux in price/supply/demand volatility that characterizes what's happening in the world-wide potash business to directly connect potash production to potash end-users and, thereby (i) reduce supply/demand uncertainty - an annual dilemma for both producer and consumer - through the business arrangements of shared financial participation and off-take agreements, and (ii) facilitate profit opportunity for market partners according to their level of financial participation in building the 'mine - processing facility' complex:

- With respect to our vertical integration strategy, it is intended to provide potash end-users with an alternative approach to their fertilizers needs through participation in a vertically integrated scenario. Gensource's technical ability to create small scale, economic potash plants is the foundation for the vertical integration strategy. By developing Gensource's business in small steps, one small operation for one vertically integrated market partner, we substantially de-risk both the

financial and market sides for Gensource and its market partner. In the end, we envision developing several small potash plants, each operating independently and each serving its market partner.

To that end, Gensource's goal of having a broad and geographically diverse set of market partners should provide Gensource with a strong business.

As Gensource arrives at definitive stages with each of these opportunities, those achievements will be communicated to our investors.

- With respect to the advantages of Gensource's selective solution mining techniques and its associated unique processing technology, no longer are large - 3 or 4 million tonne per year - mines the prerequisite for economic potash production. The Gensource model is for small operations which can be just as economic as the massive operations.

Further, of equal importance to economic benefit, is the reduced environmental impact of Gensource's mining and processing techniques:

- No salt tailings on surface. Visit a typical Saskatchewan potash mine and you'll be dwarfed by the mountain of salt tailings. The decommissioning plan for a typical potash mine seems to involve many centuries of "care and maintenance" while natural rainfall slowly dissolves the salt tailings pile and pumps and injection wells are kept in operation to dispose of the excess brine created by the rainfall on the salt pile. Selective mining is just that – selective. Using these methods, Gensource will bring no salt tailings to surface so no salt pile, no brine ponds and therefore no long-term decommissioning plan. With no brine containment structures, Gensource's site will look more like an extra large quonset in the field than a mine.
- No fresh surface water usage. Typical potash mining uses millions of cubic metres (billions of litres) of precious fresh surface water. In the dry southern part of the province, this level of consumption is a major strain on the South Saskatchewan and Qu'Appelle systems, particularly in a drought situation. Selective mining requires no fresh water; it instead uses already-saline water from deep formations. On top of that, the saline water is recycled continuously.
- Reduced local impact. Because the size of these facilities can be very small (Gensource targets 250,000 t/y compared to a typical 3,000,000 t/y potash project), local impacts are reduced

significantly. In these circumstances, small is good – the construction impact is greatly reduced, the operational impact on local roads and infrastructure will be minimal - all product is transported by rail. In addition, the operating manpower required will be approximately 50 people instead of the more typical 400. That means a local small town and the Rural Municipality is not as severely impacted and the jobs created remain local.

The potash market has seen a tough couple of years with prices reaching lows that start to impact the high cost producers in the industry. One thing is certain as the industry rebounds: that, no matter what the benchmark price may be, those agricultural producers who are vertically integrated will see an advantage to their bottom line, because, to the extent that they are vertically integrated, they will see cost-of-production product rather than “world price” product. That is a fundamental of vertical integration.

*As a summary - with our vertical integration strategy and our work to develop small scale, highly cost-efficient mining and processing methods and technologies, we are attempting to provide end users with alternatives to traditional potash supply channels that have not been available up to now, and we plan to do so in a way that has tremendous environmental improvements over legacy methods.*

## **About Gensource**

Gensource is based in Saskatoon, Saskatchewan and is focused on developing the next potash production facility in that province. Gensource’s President and CEO, Mike Ferguson, P.Eng., has assembled a management and technical team with direct and specific expertise and experience in potash development in Saskatchewan.

Gensource operates under a business plan that has two key components - vertical integration with the market to ensure that all production capacity built is directed to a specific market, eliminating market-side risk; and, technical innovation which will allow for a small *and* economic potash production facility, the output of which can then be directed to a single, specific market.

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