

GENSOURCE ANNOUNCES EXECUTION OF TAKE-OR-PAY OFF TAKE AGREEMENT

SASKATOON, Saskatchewan – September 26, 2016 – Gensource Potash Corporation (“Gensource” or the “Company”) (**TSX.V: GSP**) is pleased to announce that, pursuant to the Asset Purchase Agreement (“APA”) announced April 6, 2016, it has completed negotiations for and executed a definitive off take agreement (“Off Take” or “Agreement”) with Yancoal Canada Resources Co. Ltd. (“YCR”).

The Off Take defines the terms for the future purchases of potash by YCR from one of Gensource’s proposed new potash production facilities planned to be located on the new subsurface mineral leases KL 244 and KL 245 (“Lease” or “Leases” - such leases being the former potash exploration permits KP 363 and KP 483, which were the subject of the APA and which will be acquired by Gensource pursuant to the APA). Today’s announcement completes the second of three major items required to formally close the APA. The three major items include: 1) payment by Gensource of the required price in escrow – Status: Complete; 2) execution of a formal Off Take Agreement – Status: Complete, and; 3) conversion of the subject exploration permits to subsurface mineral leases and transfer of those Leases to Gensource – Status: Underway. Leases have been issued and have submitted to the Government of Saskatchewan for transfer to Gensource. Once the Leases are transferred to Gensource, the APA will close.

Key features of the Off Take Agreement are:

- Product tonnage: 250,000 tonnes / year to be purchased by YCR, which is 100% of the planned production capacity of one of Gensource’s small scale potash production facilities.
- Term of and initial 5 years with options to extend, with the proviso that production begins within 5 years of the effective date of the Agreement.
- Take or pay commitments and industry standard penalties included as part of the Agreement.
- Product delivery terms provide for flexibility: FOB basis for delivery within North America; CFR basis for delivery outside of North America.
- Product pricing is based on a benchmark price determined from major contract sales prices appropriate to the delivery location.
- The Agreement requires board of director approval by YCR’s parent company, Yanzhou Coal Mining Company, such approval to be sought to coincide with the completion of Gensource’s planned feasibility study for the project, by the end of Q1 2017.
- Standard Incoterms, letter of credit, payment and Force Majeure terms are included in the Agreement.

Gensource's President & CEO, Mike Ferguson, said, "This accomplishment represents a key milestone for Gensource as we press forward with development plans that we have come to describe as "Potash 2.0". While that is our own label, its meaning is significant. It speaks to a new path in the potash industry – one that is defined by a new business model driven by a new and more prominent place in the industry for the customer. It also makes reference to clearly superior technologies and techniques that Gensource plans to employ in the production of potash. These new, proven, methods provide the foundation for a potash production facility that is small, efficient, exceedingly low cost and scalable. Further, they result in a significantly reduced environmental footprint because they leave no salt tailings on surface, require no precious fresh surface water and are energy efficient. This Agreement provides the certainty Gensource is looking for and therefore the confidence to move forward with its project plans: with 100% of the product "pre-sold", based on this Agreement, we will move ahead with the next stage of study towards developing the first small scale facility in the Vanguard area."

This Agreement validates Gensource's business plan of vertical integration with the market – that is to say, ensuring that all product is "pre-sold" before significant efforts and expenses are invested into the development of a project.

Gensource is currently in the development stage of its business plan. Next steps are: Immediately initiate a detailed feasibility study – status: planned for September 2016; Complete required geological work (drilling and seismic) to upgrade resource estimate at Vanguard – status: drilling planned for October 2016 kick off, and; Begin the formal environmental and regulatory work in accordance with Government of Saskatchewan requirements.

About Yancoal Canada Resources

Yancoal Canada Resources Co., Ltd. ("YCR") is a Saskatoon-based potash exploration and development company which holds a number of potash permits situated in Saskatchewan. YCR plans to develop some of these potash permits after the completion of a Feasibility Study on the proposed Southey 2.8 million tonnes solution potash mine.

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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Caution Regarding Forward-Looking Statements

This news release may contain forward looking information and Gensource cautions readers that forward looking information is based on certain assumptions and risk factors that could cause actual results to differ materially from the expectations of Gensource included in this news release. This news release includes certain "forward-looking statements", which often, but not always, can be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". These statements are based on information currently available to Gensource and Gensource provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements with respect to Gensource's future plans, objectives or goals, to the effect that Gensource or management expects a stated condition or result to occur, including completion of the YCR transaction, the expected timing for release of a resource estimate and a preliminary economic assessment, as well as a feasibility study, and the establishment of vertical integration partnerships and the sourcing of end use potash purchasers. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, completion of the YCR transaction, a refund of lease conversion costs in the event that the YCR transaction does not proceed, results of exploration, the economics of processing methods, project development, reclamation and capital costs of Gensource's mineral properties, Gensource's financial condition and prospects, the ability to establish viable vertical integration partnerships and the sourcing of end use potash purchasers, could differ materially from those currently anticipated in such statements for many reasons such as: an inability to complete the YCR transaction on the terms as announced or at all, including the conditions for regulatory approval and financing; denial by ministerial authorities of a refund of lease conversion costs in the event that the YCR transaction does not proceed; changes in general economic conditions and conditions in the financial markets; the ability to find distributors and source off take agreements; changes in demand and prices for potash; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with Gensource's activities; and other matters discussed in this news release and in filings made with securities regulators. This list is not exhaustive of the factors that

may affect any of Gensource's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Gensource's forward-looking statements. Gensource does not undertake to update any forward-looking statement that may be made from time to time by Gensource or on its behalf, except in accordance with applicable securities laws.
