



GENSOURCE ANNOUNCES EXECUTION OF SHAREHOLDER AGREEMENT FOR ITS VANGUARD POTASH CORP JOINT VENTURE WITH ESSEL GROUP ME

SASKATOON, Saskatchewan – April 4, 2017 – Gensource Potash Corporation (“Gensource”) (**TSX.V: GSP**) is pleased to announce it has executed a shareholder agreement (“Shareholder Agreement”) with Essel Group ME Limited (“EGME”) to create a joint venture company, Vanguard Potash Corp. (“JV” or “Vanguard”), pursuant to the memorandum of understanding between the two parties announced on November 29, 2016.

The purpose of the JV is the construction and operation of the new Vanguard potash production facility in Saskatchewan, which will bring together technical innovation, management expertise, international logistics and capital.

Gensource’s President & CEO, Mike Ferguson, said: “This is the most significant milestone for Gensource to date. Our investors are aware that Gensource’s business plan has been to create a joint venture with a strategic partner who can bring the required financing and commercial expertise to the project. Initially the JV will complete the feasibility study on Phase One of the Vanguard Project before beginning construction of the first Gensource modular small-scale facility with production capacity of 250,000 tonnes/year. If the first facility is successful, our agreement provides that we will work together with Essel to assess the feasibility of adding additional production modules with the goal of achieving 1 M t/a of production. EGME brings the necessary global business experience and financing to complement Gensource’s highly-skilled development team, rich potash resources and innovative extraction technologies. The value we aim to create is much greater than the sum of the investments in Vanguard.”

EGME’s Joint Managing Director & Group CEO, Punkaj Gupta, commented: “I am delighted to be signing the Shareholder Agreement, a key moment for the Vanguard project, EGME and Gensource. This is a landmark event as we work towards developing this iconic asset, in order to meet the growing global potash demand.

“We are very pleased to be working with Gensource’s highly experienced and innovative team, with today’s announcement further strengthening our relationship and providing increased certainty for the project. Vanguard is a key part of EGME’s portfolio, and this JV underlines our continued long-term commitment to developing high-quality assets in the natural resources sector.”



Vanguard is a private corporation incorporated under the laws of Saskatchewan and headquartered in Saskatoon, SK. Vanguard's sole purpose is:

- (i) to finance, develop, engineer, construct and operate a mine and processing plant to produce potash from the Vanguard asset near Eyebrow and Tugaske in Saskatchewan; and
- (ii) to market and sell the potash product.

The key terms of the Shareholder Agreement are as follows:

- (a) EGME will contribute capital to Vanguard in two tranches:
 - (i) First tranche of \$US 5M will be used to fund the feasibility study and will be provided following compliance with the required Canadian banking regulations and processes;
 - (ii) Second tranche of \$US 200M, which represents the full estimated capital to construct and commissioning of the first facility of the Vanguard project;
- (b) Gensource will assign a 49% interest in the KL 245 lease (the "Lease") to Vanguard;
- (c) Gensource will assign the Mining Rights Agreement to Vanguard, allowing it to benefit from 100% of mining on the Lease;
- (d) Gensource will assign the Technical Services and Technology Agreement to Vanguard, bringing Gensource's expertise and unique approach to potash mining and processing to the JV;
- (e) Vanguard will become 49% owned by EGME and 51% owned by Gensource upon receipt of the first tranche of financing (\$US 5M). Once construction financing is committed and delivered (estimated at \$US 200M), Vanguard will become 70% owned by EGME and 30% by Gensource;
- (f) Following the completion of Phase One of the Vanguard 1 Project (to produce 250,000 tonnes of potash per annum), both parties shall make all commercially reasonable efforts to undertake and complete one or more expansion phase necessary to increase production of potash to a minimum of 1M tonnes/per annum, the final production target; and
- (g) The board of Vanguard will initially comprise of three nominees of EGME and two nominees of Gensource. A jointly appointed



management team will lead the development of the new potash facility. Gensource will maintain control of Vanguard until construction financing has been committed.

It is anticipated that investment banking firm Morgan Gatsby will lead on the construction financing of Vanguard. Morgan Gatsby is a wholly-owned subsidiary of EGME, based in Dubai, UAE.

The Feasibility Study is on schedule for completion in Q2 2017.

The scientific and technical information contained in this news release was reviewed and approved by Mike Ferguson, P.Eng., President and CEO of Gensource and a Qualified Person under NI 43-101.

About EGME

EGME is a diversified conglomerate operating primarily in the Europe, Middle East, Africa and Asia Pacific region.

EGME is part of Essel Group, the Indian multinational conglomerate operating in a broad spectrum of industries including media, packaging, infrastructure and technology. Building on Essel Group's 90 year history of developing and promoting businesses, EGME is leading the Group's regional expansion and currently operates subsidiary businesses in the natural resources, energy, industrial supply and logistics, education and financial services sectors. For further information, please visit www.esselgroupme.com

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.

For further information please contact:

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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 settlement of a definitive joint venture agreement with the Essel Group on the terms of the memorandum of understanding between EGME and Gensource (announced on November 29, 2016) or at all, the expected timing for release of a reserve estimate and a feasibility study and whether or not the study will conclude that mineral production is feasible on a technical or economic basis, 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, settlement of a definitive joint venture agreement with the Essel Group, results of exploration, the economics of processing methods, project development, reclamation and capital costs of Gensource's mineral properties, the ability to complete a feasibility which supports the technical and economic viability of mineral production, Gensource's financial condition and prospects, the ability to establish viable vertical integration partnerships and the sourcing of end use potash purchasers, including approval of the Yancoal Canada off take agreement by its parent company, could differ materially from those currently anticipated in such statements for many reasons such as: failure to settle a definitive joint venture agreement with the Essel Group on the terms as announced or at all, and advance and finance the project in accordance with the terms of the definitive joint venture agreement; an inability to finance and/or complete an update of the resource estimate to a reserve estimate, and a feasibility study which supports the technical and economic viability of mineral production; changes in general economic conditions and conditions in the financial markets; the ability to find distributors and source off-take agreements including approval of the Yancoal Canada off take agreement by its parent company; 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.
