

## **GENSOURCE PROVIDES UPDATE ON ITS TWO WELL DRILLING PROGRAM FOR ITS VANGUARD ONE PROJECT**

**SASKATOON, Saskatchewan – December 12, 2016 – Gensource Potash Corporation** (“Gensource” or the “Company”) (**TSX.V: GSP**) is pleased to provide a progress update for its two well drilling program in its 100% owned Vanguard project area. The current two well program will compliment and build on the two wells drilled on the property in 2012.

Mike Ferguson, Gensource’s President & CEO comment: “We are very pleased to have already completed the first well and successfully retrieved the full core from the Prairie Evaporite. More gratifying is that the work was accomplished safely, with no reportable incidents during the equipment mobilization and drilling. Consistent with adjacent wells, and meeting our expectations, a full Prairie Evaporite core of 63m was retrieved. We are now moving the rig to the second well location. We will keep our shareholders informed as assay data is available for the first well and as progress is made at the second well location. The purpose of the drilling is threefold:

- Confirm resource extent and grade in the area adjacent to one of the initial resource wells drilled in the area in 2012;
- Upgrade resource categorization from Inferred (see Gensource News Release dated April 28, 2016 for information on the initial NI 43-101 resource definition) and issue a revised NI 43-101 Resource Report; and
- Prepare for the integration of the Resource into the on-going feasibility study and subsequent conversion to Reserve.”



*Figure 1: Well #1 - Vanguard One Project*

Highlights of the successful first well are:

- 21 days on site and over 5,300 manhours worked with zero injuries and zero reportable incidents.
- Total vertical depth: 1,566m
- 63m of 3.5" diameter core cut and retrieved from the Prairie Evaporite Formation. Of the 63m, the three target potash bearing members of the formation aggregated approximately 41m.
- Several geophysical logs were run including hole volume, directional, neutron-density-PE, induction, spectral gamma ray, dipole sonic, and cement bond logs.

The core was securely transported to Saskatoon where it is being logged.



Figure 2: Core #3 from Well #1

Initial inspection of the core reveals that:

- All three members of the Prairie Evaporite (Patience Lake, Belle Plaine and Esterhazy) are present and in-tact.
- Thicknesses of the three members are consistent with adjacent wells, meeting and exceeding expectations.
- Sylvinite mineralization is present, especially the Patience Lake and Belle Plaine Members.

Once logged, the core will be sampled and the samples will be crushed and assayed to provide chemical composition data, most specifically K<sub>2</sub>O grade.



The scientific and technical information contained in this news release was reviewed and approved by Louis Fourie of Terra Modelling Services Inc., an independent consultant and Qualified Person under NI 43-101.

## **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 MOU 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.*

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