

The background image is a composite landscape. The upper portion shows a row of six white wind turbines on a misty horizon under a soft, orange and blue sky. The lower portion shows rolling hills with vibrant autumn foliage in shades of orange, red, and yellow, interspersed with green agricultural fields. A small white house is visible in the middle ground.

*A Better Approach to Potash Production*

# Disclaimer

*The scientific and technical information contained in this presentation has been reviewed and approved by Mike Ferguson, P.Eng., who is the President and Chief Executive Officer of Gensource and a “qualified person” under National Instrument 43-101.*

## **Caution Regarding Forward-Looking Statements:**

*This presentation 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. For a more complete review of the factors that may affect Gensource’s forward-looking statements, please see the company’s Information Circulars and Management’s Discussion and Analyses, posted on Sedar, [www.sedar.ca](http://www.sedar.ca), or on the Company’s website at [www.gensourcepotash.ca/?page\\_id=642](http://www.gensourcepotash.ca/?page_id=642).*

# Gensource Potash Overview

- Publicly traded potash development company, focused on creating a new model within the “highly controlled” potash market: **Vertical Integration with selected Market Partners.**
- Deploying ***Selective Dissolution and Enhanced Recovery*** techniques to Saskatchewan potash resource - 21<sup>st</sup> century extraction and processing techniques that provide significant advantages in:
  - **Capex**
  - **Opex**
  - **Environmental Footprint**
- A Potash and Saskatchewan focused Board of Directors and world-class Advisory Team, **led by CEO Mike Ferguson, responsible for taking Potash One’s Legacy project into development**
- **Two project areas, each advancing with its own Market Partner**

# Gensource – Management & Board

**Mike Ferguson, P.Eng., President & CEO.** Mike led the Potash One team that developed the Legacy project– the only Saskatchewan greenfield potash development to proceed to construction.

**Rob Theoret, B.Comm., CIM, CFO.** Co-founder of NEXXT Potash and has successfully financed several local junior development companies.

**Deborah Morsky, VP Corp. Services.** Deborah brings 25 plus years of family business leadership and experience as a professional in insolvency and financial restructuring.

**Dr. Mark Stauffer, Director.** Dr. Stauffer has been a leader in the fertilizer industry for over 40 years, culminating his career as President of the Potash & Phosphate Institute (PPI) / Potash & Phosphate Institute of Canada (PPIC). Throughout his time with PPI/PPIC, Dr. Stauffer focused on Balanced Fertilization principles as a best practice for agricultural producers and most recently served as a Director of TSX-traded Migao Corporation and former TSX-traded Allana Potash Corporation.

**Paul Martin, Director.** Chairman of Martin Charlton Communications, Saskatchewan's largest public relations firm specializing in communications strategy and support, media relations, government relations, event planning and strategic advice.

# Gensource – Advisory Board

**Max Ramey, PE, Solution Mining.** Max was the technical drive behind the Legacy Project. With his extensive experience and track record in operations and design of solution mining facilities, Max is a world-class expert in high demand throughout the solution mining industry.

**John McEwan, PE, Processing.** John created the process design for the Legacy project based on his almost 40 years in the mining industry. With solution processing expertise in many minerals under varied chemical conditions, John leads the effort to move processing techniques into the 21<sup>st</sup> century.

**Sandy Debuscherre, Drilling.** Sandy is a well-known and sought-after drilling design and execution consultant in the province, with extensive experience in oil & gas and potash exploration and operational drilling. Sandy's expertise extends to horizontal drilling and solution mining-specific aspects of drilling and casing operations.

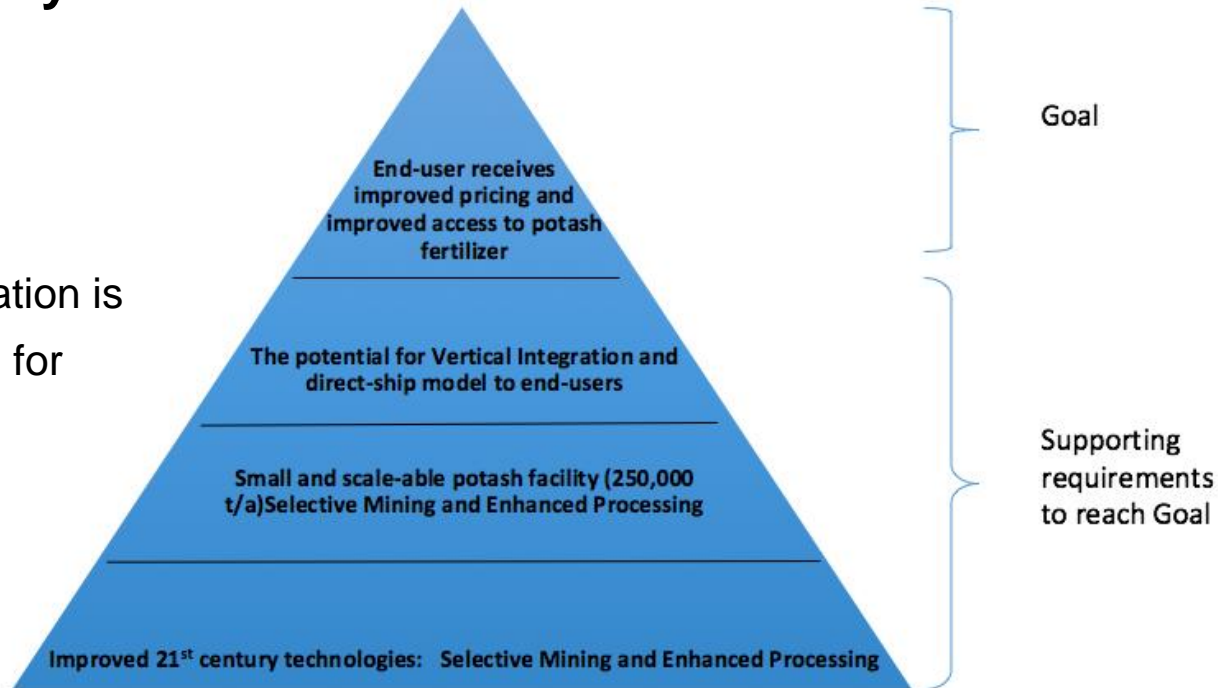
# Business Plan

- 1. Be vertically integrated:** Any new potash development needs the support of the “market” – both the financial market and the potash market. By obtaining the support of the potash market first (i.e., being vertically integrated and having all of the production pre-sold before project development begins) means that the financial markets may view the development significantly more favourably.
- 2. Be Small:** You cannot be vertically integrated if you’re developing the now-familiar 3 - 4 Mt/y, \$4B project – there just aren’t any markets big enough to take that much product. Also, those projects use techniques from the 1950s simply are not economically viable in today’s potash market.
- 3. Be Smart & Create Value:** Success requires new approaches. Using selective mining and enhance processing provides for a very small project (250,000 t/a) that is also economic in today’s market environment. New technologies arrive from time to time in all industries, bringing change: **now is the time for a sea change in potash.**

# Vertical Integration – WHY?

**Gensource is focused on Vertical Integration. Vertical integration has not been possible in potash before, due to the extraordinarily high barriers to entry. Gensource believes it has eliminated these barriers**

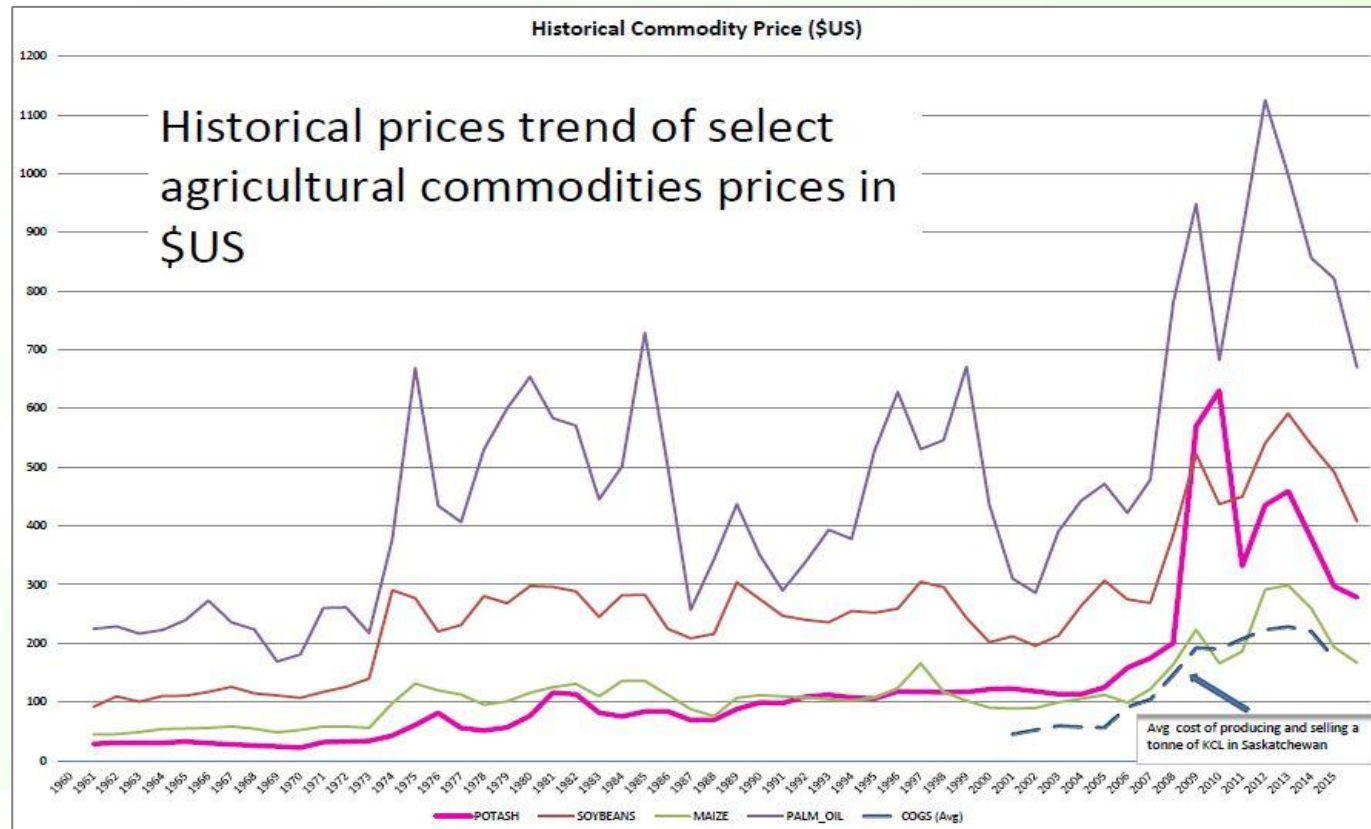
True vertical integration is now a viable option for potash consumers.



# Vertical Integration – WHY?

## Price of Potash is rising, compared to the price of the crops it fertilizes

Potash prices started rising against crop prices in the early 2000s. While potash pricing has been variable since then, the trend is that it continues to become more expensive compared to crop pricing.

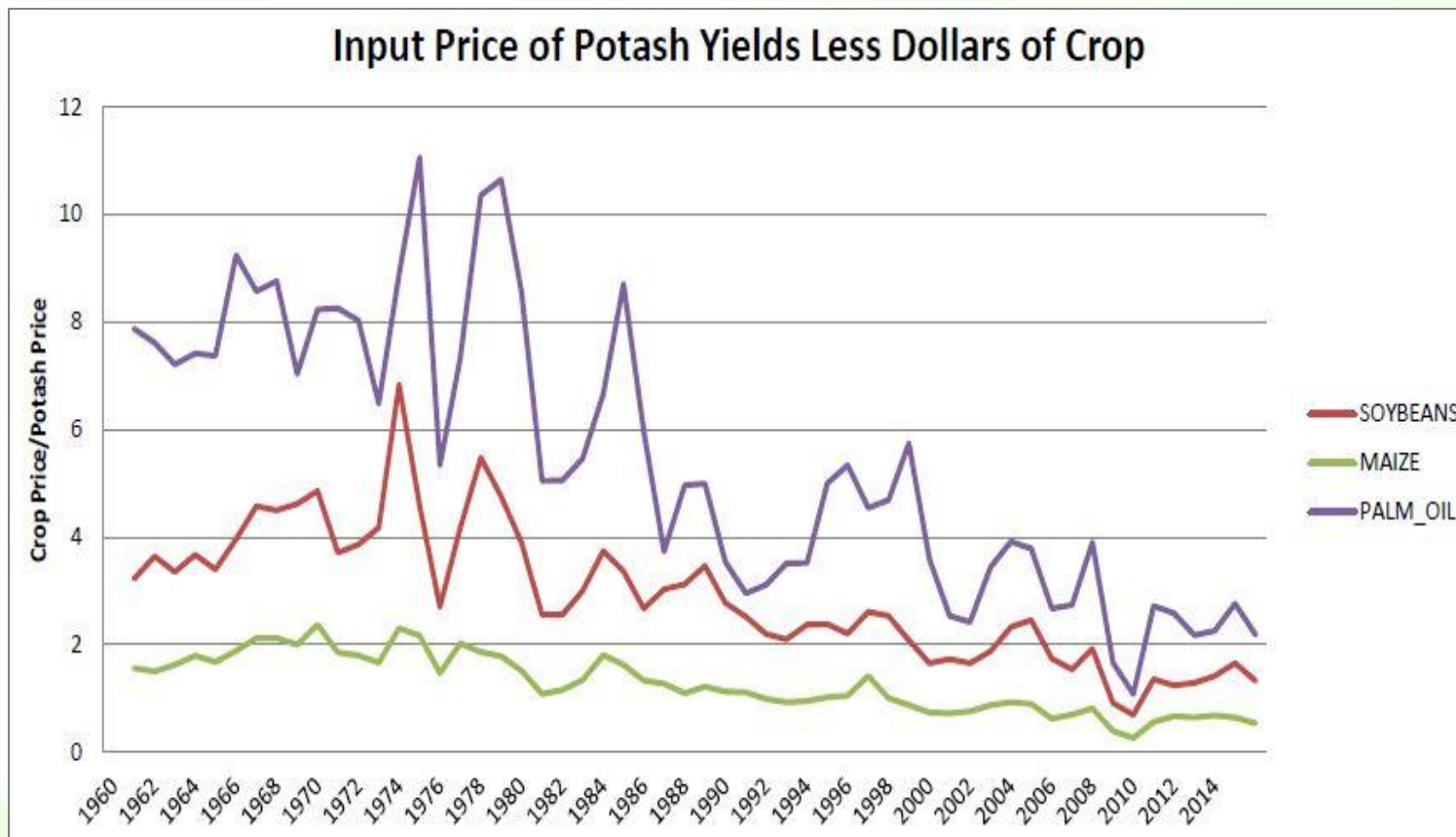


Source: World Bank data statistics, IMF International Fin. Stats., Company Reports, GSP



# Vertical Integration – WHY?

**Price of Potash is rising: Another way to view the data is to create an index of Crop price divided by potash price – indicating a continuous decrease in the index**



Source: World Bank data statistics, IMF International Fin. Stats.

# Be Small: But How?

How do you “Be Small” in an industry that lives on **BIG** numbers?

1. Realize that the existing mines are antiquated, utilizing technologies developed 100 years ago (for conventional mines) and 60 years ago (for solution mines)
2. Understand that simply replicating old technology mines is a losing approach
3. Utilize *existing* and up-to-date ***selective mining*** techniques and novel processing methods



***Selective Mining and Enhanced Recovery Technologies***

The average mine in Saskatchewan produces **2-3 million tonnes/year** and a new such mine will cost more than **\$4 billion** to construct

# Be Small: Conventional vs. Solution Mining vs. *Selective Dissolution*

	Conventional	Conventional Solution Mining	<i>Selective Dissolution</i>
Min. viable production rate	2.5+ Mt/a	2.0 Mt/a	<b>250 kt/a</b>
Capex per tonne (\$US)	\$1,990 *	\$1,620 *	<b>\$761 **</b>
Operating costs (\$US)	\$80 /t *	\$118/t *	<b>40.3/t**</b>
Development Time	7-10 years	6-8 years	<b>3 years **</b>
Tailings	2 tonnes salt tailings per tonne of potash produced	2 tonnes salt tailings per tonne of potash produced	<b>None</b>
Brine containment structures on surface	Large (many Ha) salt tailings and brine pond containment structures req'd	Large salt tailings and brine pond containment structures req'd as well as cooling ponds	<b>None</b>

\* Potash Mining Supply Chain Requirement Guide, Ministry of Economy, Government of Saskatchewan, September 14, 2012

\*\* Gensource PEA June 2016

[www.gensource.ca](http://www.gensource.ca)

(TSX.V: GSP)

# Problems with Existing Technology

The problem can be summed up in two words: **Environmental Footprint**. During the past 50+ years of potash mining in Saskatchewan, environmental issues are apparent with both conventional and solution mining. Gensource’s innovative ‘Selective Dissolution’ is able to address these issues effectively.

Issue	Discussion
Significant salt tailings stored on surface for indefinite periods of time	Resolution of the problem for existing operations is difficult. Using extraction methods that leave salt tailings underground, as Gensource proposes, provides significant advantages for new operations.
Large fresh water consumption	Existing mining methods consume very large volumes of fresh water. <b>Selective Dissolution</b> can use brackish ground water as the source for mining and processing, so no demand for precious surface fresh water (and no pipeline/pumping expenses).
Energy consumption, particularly for evaporation-crystallization solution mining operations, is very large	These thermal processes consume large amounts of energy – <b>Selective Dissolution</b> , by eliminating the need for evaporation, results in significant energy reductions, meaning not only reduced operating costs but lower carbon footprint as well.

# Problems with Existing Technology

## Conventional Potash Mine In Saskatchewan



# The Solution: Selective Dissolution

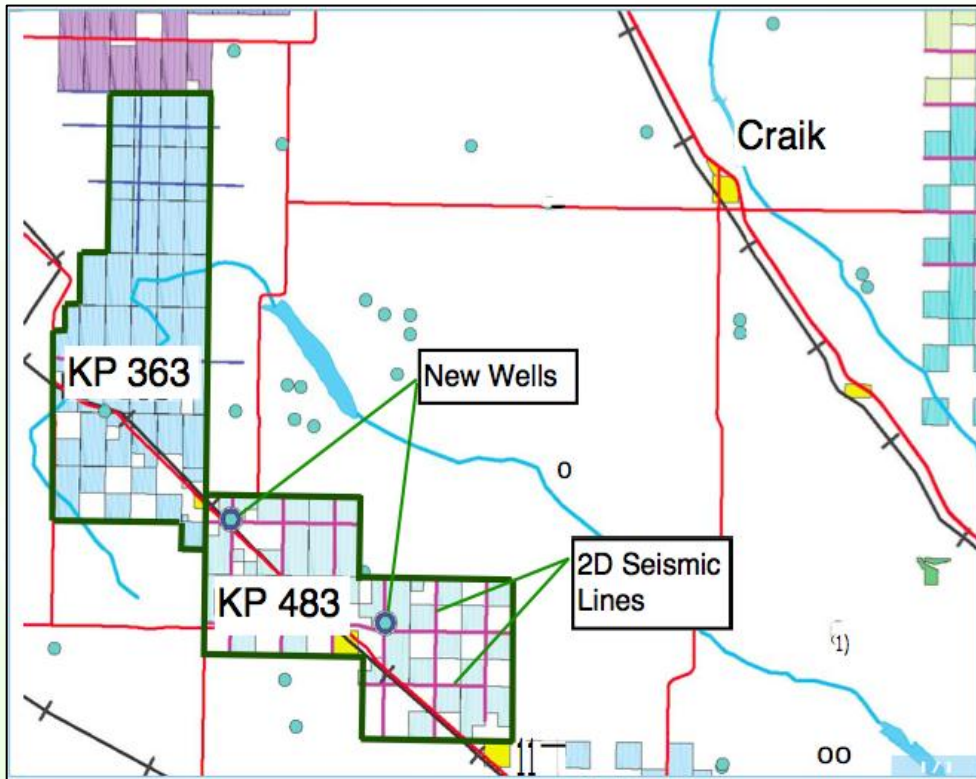
## **Gensource is utilizing a technique known as *Selective Dissolution and Enhanced Recovery\****

- Brackish ground water is used as the input - not precious fresh surface water. Brackish water is made into the extraction brine by saturating it in NaCl (salt). When saturated with NaCl, it will no longer dissolve NaCl - only KCl (potash, our potassium nutrient)
- Horizontal drilling techniques enable the creation of horizontal ***selective dissolution*** caverns
- The brine is pumped through the horizontal cavern and through a crystallization process on surface that removes the KCl from the brine, resulting in solid crystals of potassium nutrient
- From here, the solid KCl is dried and screened to a specific size for sale as the final nutrient product
- Remaining brine (still saturated with NaCl but not KCl) is returned to the horizontal caverns where it dissolves additional KCl and the cycle is repeated.

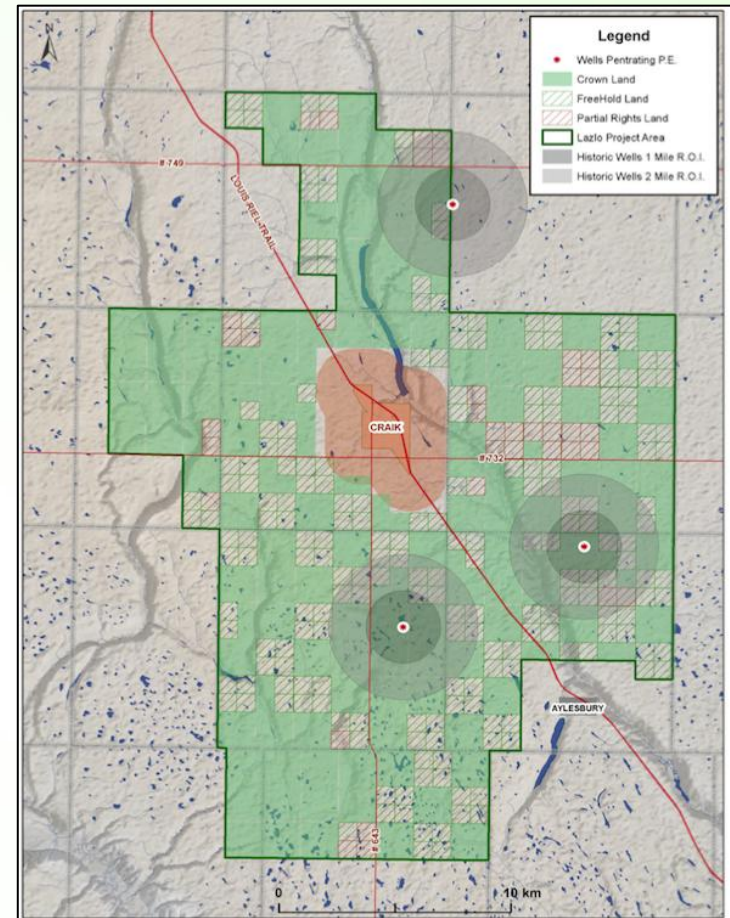
\*Technology brought to Gensource through Innovare Technologies Ltd., and entity owned by Gensource's Advisory Board as well as Gensource's President & CEO

# Projects – Two Independent Projects

## Vanguard Project - Saskatchewan

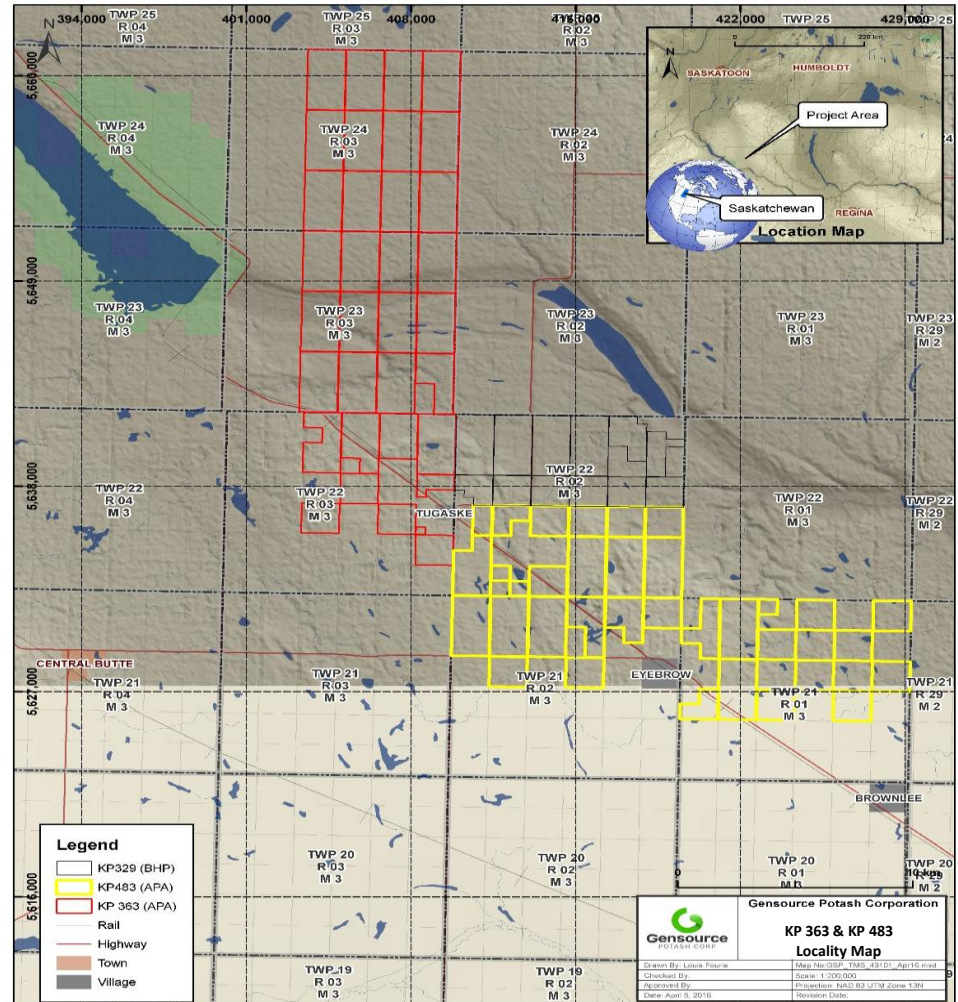


## Lazlo Project - Saskatchewan



# Projects: VANGUARD

- The Vanguard Project comprises two potash mining leases (KP 483 and 363) which are being acquired from Yancoal Canada Resources Ltd.
- Two cored wells
- Over 100 km of 2D Seismic
- NI 43-101 report completed by GSP
- Complete a Preliminary Economic Assessment (PEA)
- Next Steps: Prefeasibility Study



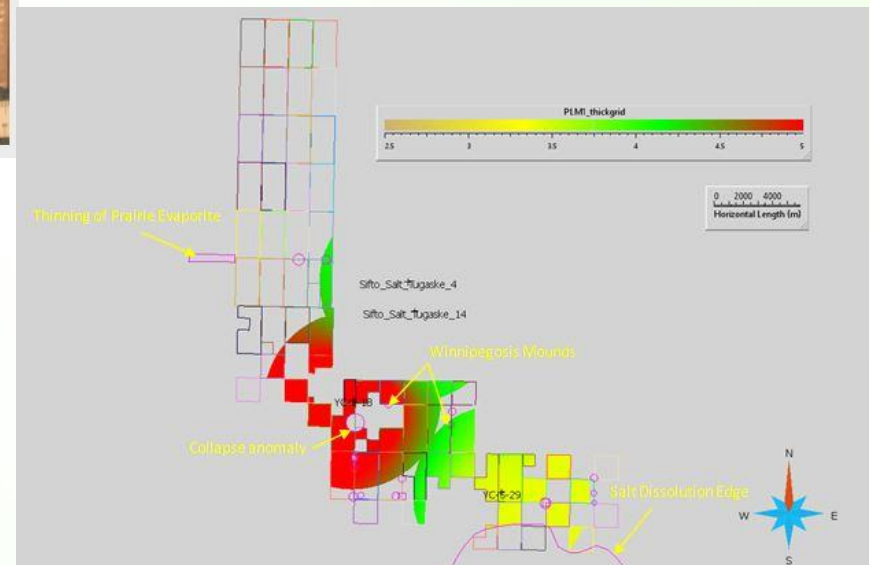


# VANGUARD: Exploration Drilling

- Two cored and assayed wells
- Inferred Resource already defined based on existing data
- 100 Mt potash



**...Take away message: very easy to define a rich mining block.**



Source: Gensource Potash NI 43-101 April 20, 2016, PEA June 2016

# VANGUARD: NI 43-101

Inferred Mineral Resource was estimated for the lowest sub-member of the Patience Lake Member – see the table below.

In addition, 3 remaining members of the Patience Lake and 4 members of the Upper Belle Plaine are designated within the Potential Quantity category

KP 363 & KP 484 Inferred Resource: Lower Patience Lake Sub-Member (PLM1)									
Minimum K <sub>2</sub> O Grade	Maximum K <sub>2</sub> O Grade	Average K <sub>2</sub> O Grade	Average Thickness	Average Carnallite Grade	Average Insolubles	Sylvinite Tonnage	Potential K <sub>2</sub> O, 40% Recovery*	Potential K <sub>2</sub> O, 30% Recovery**	Potential K <sub>2</sub> O, 50% Recovery**
Weight %	Weight %	Weight %	Meters	Weight %	Weight%	Mt	Mt	Mt	Mt
20.29	28.89	24.25	4.42	0.68	6.97	646.56	62.72	47.04	78.40

\*Base Case  
 \*\*Sensitivity Analysis

The Following parameters apply:

1. K<sub>2</sub>O cut off grade of 15%
2. Maximum Carnallite cut-off of 2%
3. No Insoluble cut-off.
4. No thickness cut-off, due to the mining methodology.
5. 6000m Radius of Influence.
6. Known Anomalies from seismic deducted.
7. Further deduction of 25% for unknown anomalies
8. Recovery range a total recovery (mining and plant) range.

At the 40% recovery level, the above table infers 62.72 Mt K<sub>2</sub>O, which equates to:  
**100 million tonnes KCL (Potash)**

# VANGUARD: Preliminary Economic Assessment

- Project capacity:** 250,000 t/a final product, standard grade.
- Mine life:** 100 years +, based on 64 Mt of inferred resource (Resource Estimate 04/28/16).
- Mining method:** *Selective Dissolution* using horizontal caverns.
- Processing:** Cooling crystallization incorporating innovative energy efficiency measures.
- CAPEX:** \$C 247M including contingency – (**~\$US 190M** at today's nominal exchange rate of 1.30).
- OPEX:** \$C 52.39 /t final product (**~\$US 40.30/t** at today's nominal exchange rate of 1.30).

**Project NPV's and IRR's are compelling...**

Indicator	Pre Sask. Profit Tax	Post Sask. Profit Tax
NPV <sub>8</sub>	\$322,594,953	\$212,671,723
IRR	19.55%	16.86%

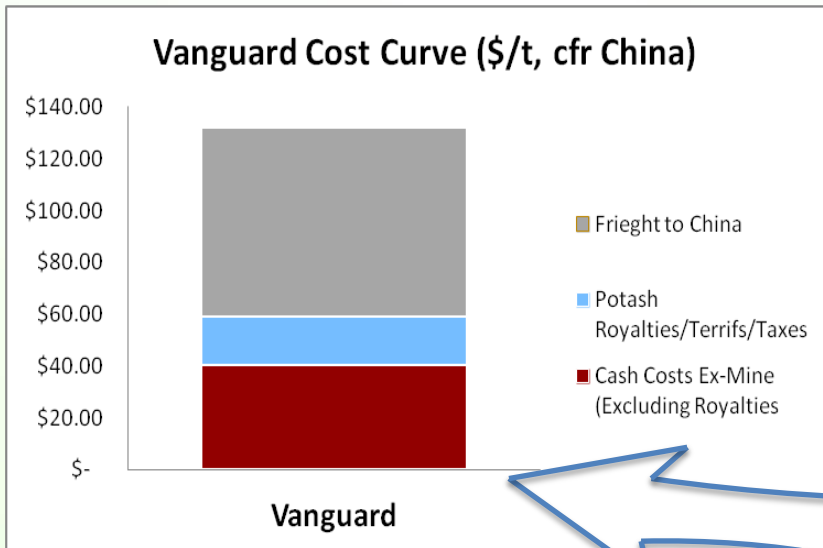
**.... with terrific metrics in high and low pricing environments.**

Financial Performance post Potash Production Tax, Royalties, Levies and Surcharges

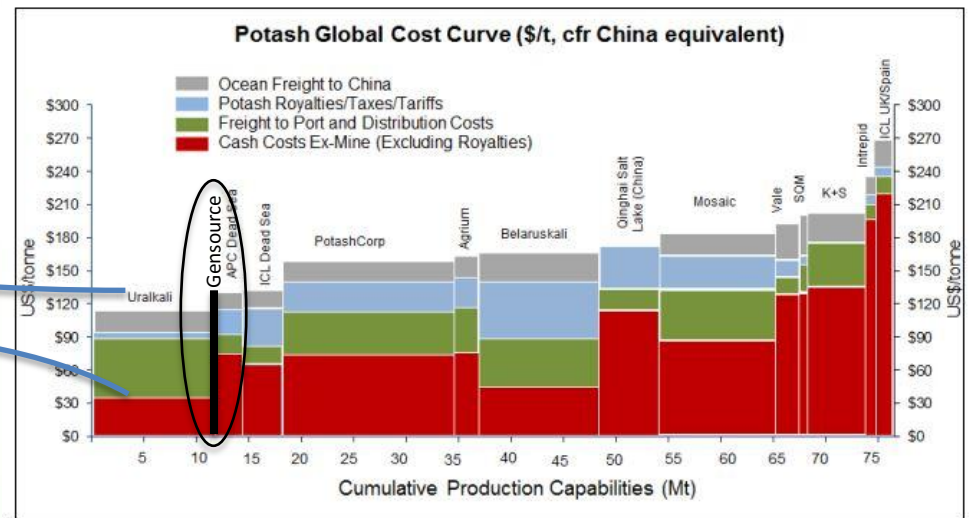
Price/Tonne US\$	Project IRR	NPV @			Opp Margin	Payback (Yrs)
		6.00%	8.00%	10.00%		
\$225	9.75%	\$ 110,984,504	\$39,607,094	<b>(\$4,405,129)</b>	78.16%	9.50
\$260	13.22%	\$ 222,182,583	\$ 121,863,651	\$58,819,659	80.72%	6.90
\$275	14.61%	\$ 268,590,720	\$ 156,021,252	\$84,960,726	81.62%	5.80
\$300	16.86%	\$ 345,716,684	\$ 212,671,723	\$128,221,109	82.92%	4.80
\$325	19.05%	\$ 422,688,112	\$ 269,122,515	\$ 171,256,685	84.02%	4.10
\$350	21.14%	\$ 495,516,738	\$ 324,548,037	\$ 213,373,513	84.97%	3.80
\$375	23.22%	\$ 575,111,273	\$ 380,577,517	\$ 255,965,046	85.78%	3.50
\$400	25.21%	\$ 650,626,535	\$ 435,650,211	\$ 297,707,217	86.50%	3.10
\$425	27.15%	\$ 726,061,619	\$ 490,629,112	\$ 339,346,279	87.13%	2.80
\$450	29.06%	\$ 801,471,630	\$ 545,578,683	\$ 380,953,098	87.69%	2.50
\$475	30.94%	\$ 876,881,641	\$ 600,528,254	\$ 422,559,916	88.19%	2.40
\$500	32.82%	\$ 952,587,980	\$ 655,728,331	\$ 464,379,387	88.64%	2.30

# VANGUARD: Preliminary Economic Assessment

## Project Economics are Some of the Best in the World



Source: Gensource Potash PEA June 2016

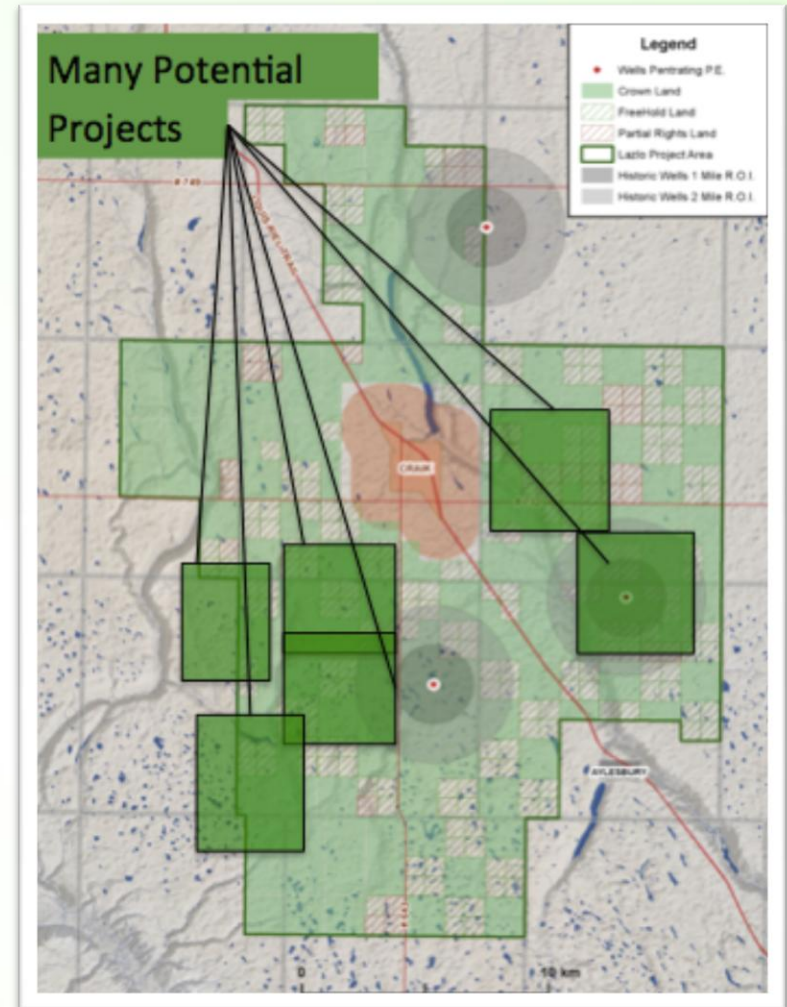


Source: BMO Capital Markets, Company Reports

**Bottom Line....Gensource's cash production costs are the lowest in North America and on par with Russia.**

# Projects: LAZLO

- The Lazlo Project is Gensource’s 123,000 acre area representing an ideal candidate to implement a ***selective dissolution*** operation
- Lazlo Area is located in the “Davidson Sub-Basin” region of the Prairie Evaporite underlying central Saskatchewan, with combined thicknesses of about 30m of high-grade, mineable ore.
- Three historic drill holes exist, which indicate excellent grades, thicknesses, and temperature



# LAZLO: Historical Drilling



Figure 6. Photograph of Typical Core from the UC Craik 13-18-25-27 Well

- Three historic drills holes exist in the the Lazlo Project, completed in the 1960's
- An historic 43-101 completed in December, 2014 indicates excellent thicknesses, high-grades, and a uniform deposit of potash.

*Left:* Core from on-property historical well. Note the visible large clear crystals. These are KCl (potash) and NaCl (salt). The pink and orange colours are clays and other minerals.

# LAZLO: NI 43-101

## Updated NI 43-101 report completed in December 2014

- Defines an “exploration target” complete with ranges of expected resource grades and tonnages
- Excerpt from 2014 NI 43-101 Report...

**Table 4. Potential Mineralization at the Lazlo Project**

	Area (acres)	Thickness (m)		Tonnage (Mt)		K <sub>2</sub> O Grade (%)		K <sub>2</sub> O Tonnage (Mt)	
		Minimum	Maximum	Minimum	Maximum	Cut-off Grade	Maximum	Minimum	Maximum
Patience Lake	4,322	9.50	18.20	346	662	15.0	22.35	51.84	147.99
Belle Plaine	4,322	8.90	10.12	324	368	15.0	19.93	48.57	73.38
Esterhazy	4,322	4.58	10.40	167	378	15.0	15.72	25.01	59.48

**...Take away message:** *the resource in the Lazlo area is rich and widespread.*

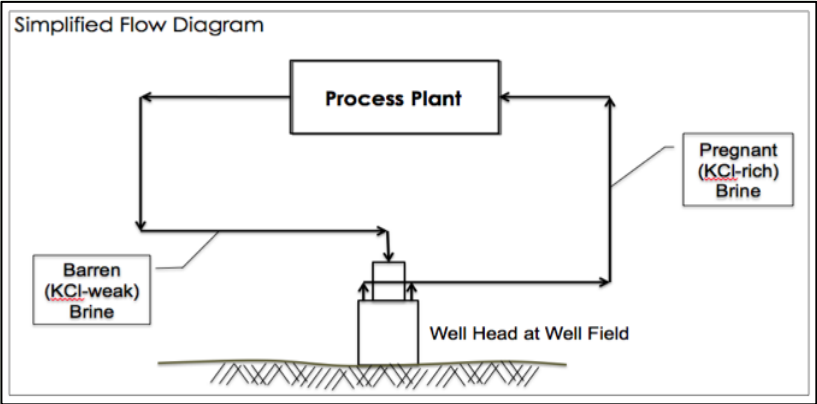
# Project: Design Parameters

## **Gensource's scalable project is designed with the following key parameters:**

- 250,000 tonnes per year final product, utilizing selective solution mining with enhanced crystallization recovery.
- Either Standard grade (China, India) or Granular (Brazil, US, etc.) as required by the end-user, colour: white (clear). Product purity 60.5% K<sub>2</sub>O minimum, 62% typical.
- Direct-ship transportation to end user, either in bulk or bulk-in-container, via rail to tidewater (East or West), ocean freight.

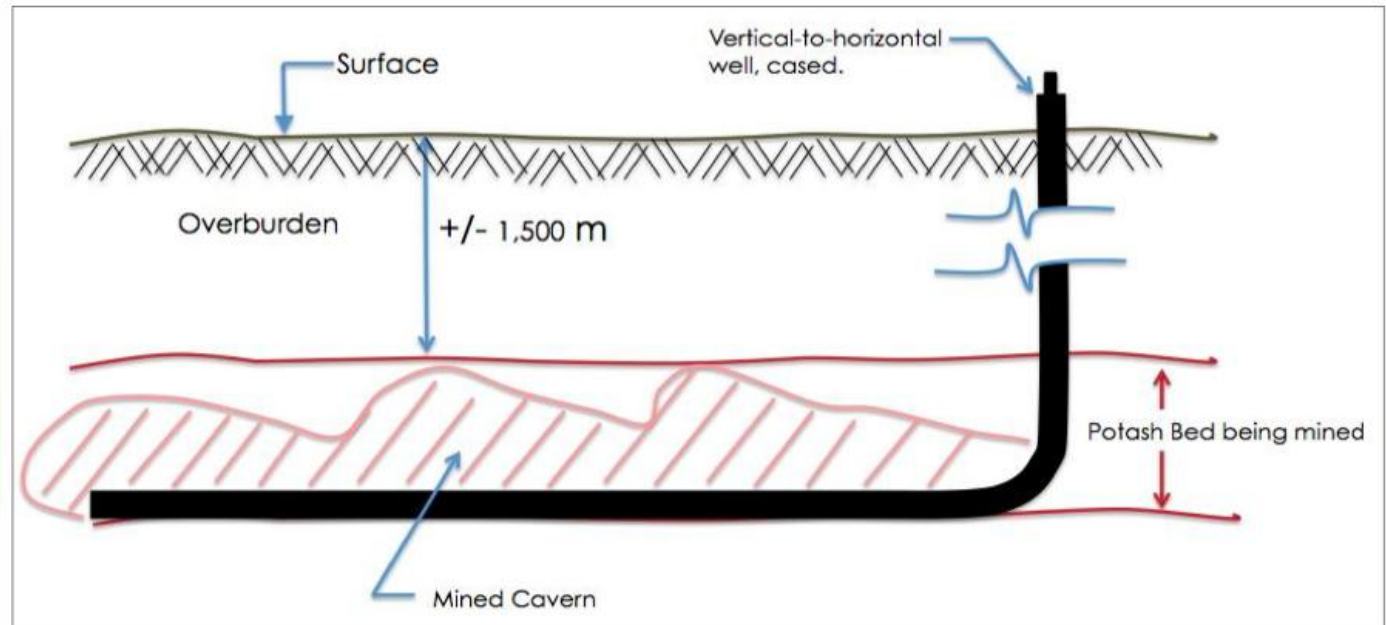


# Project: Conceptual Mining Schematic



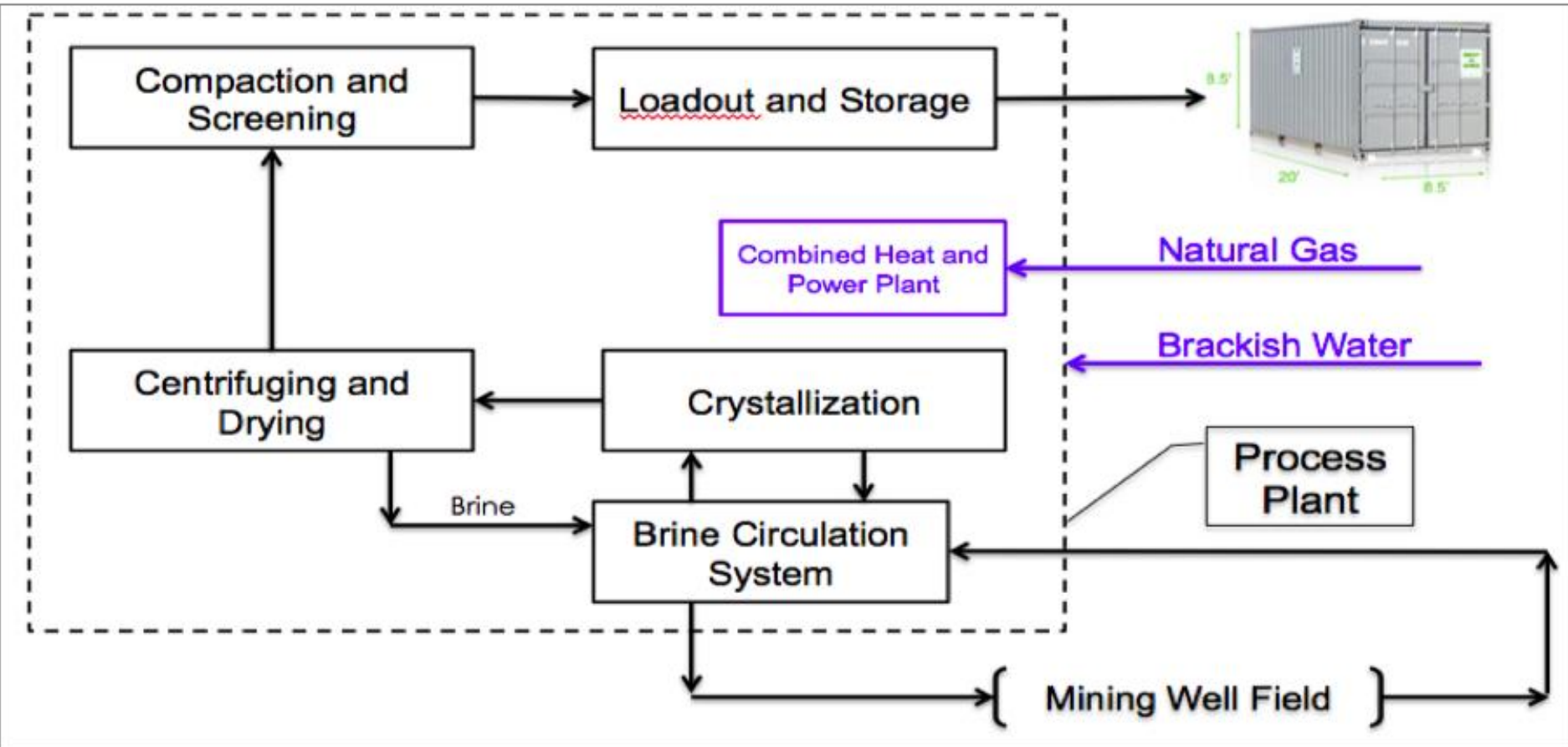
Conceptual Flow Schematic, showing 100% recirculation

Conceptual Horizontal Cavern for Selective Dissolution

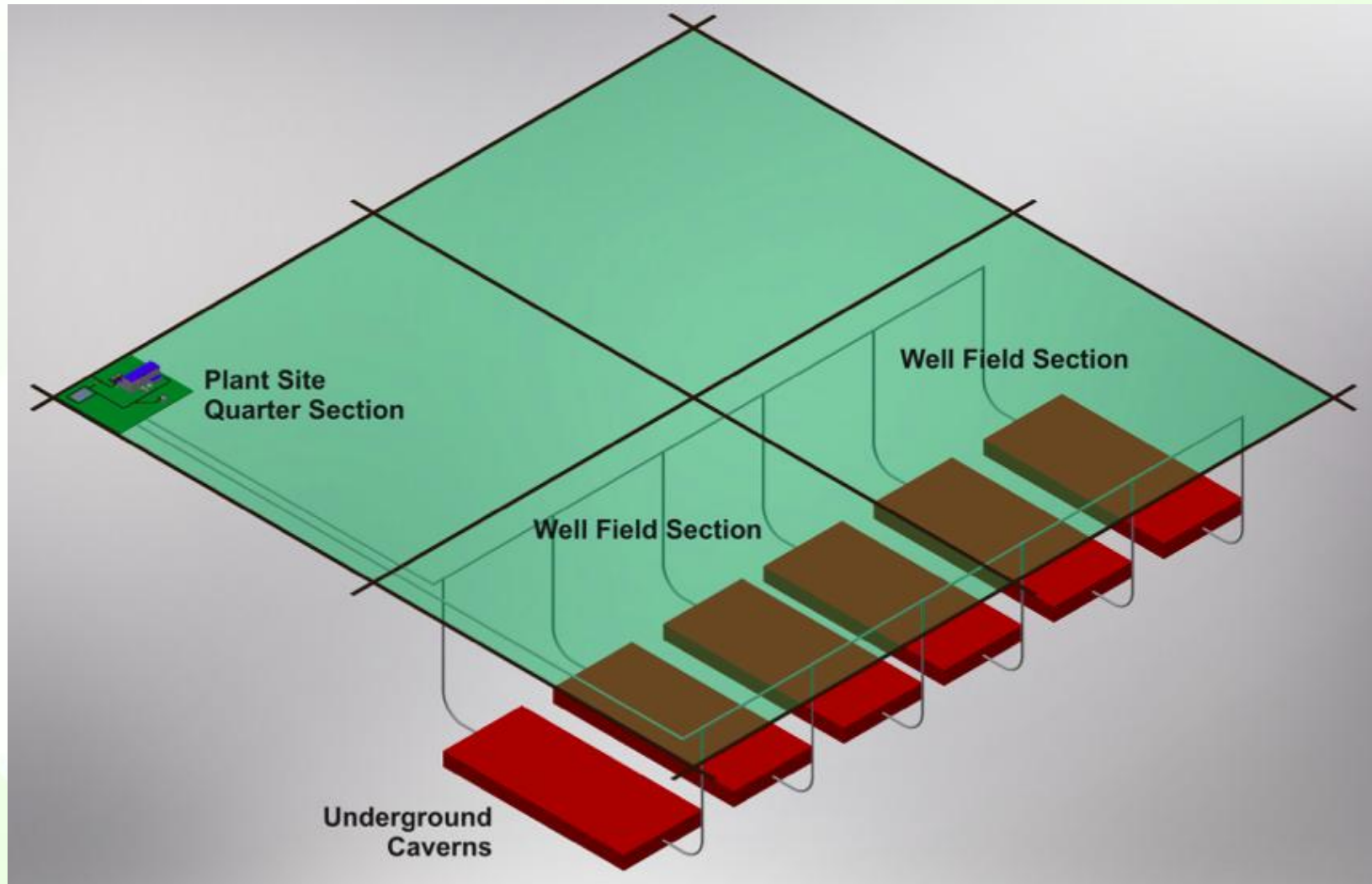


# Project: Conceptual Processing Schematic

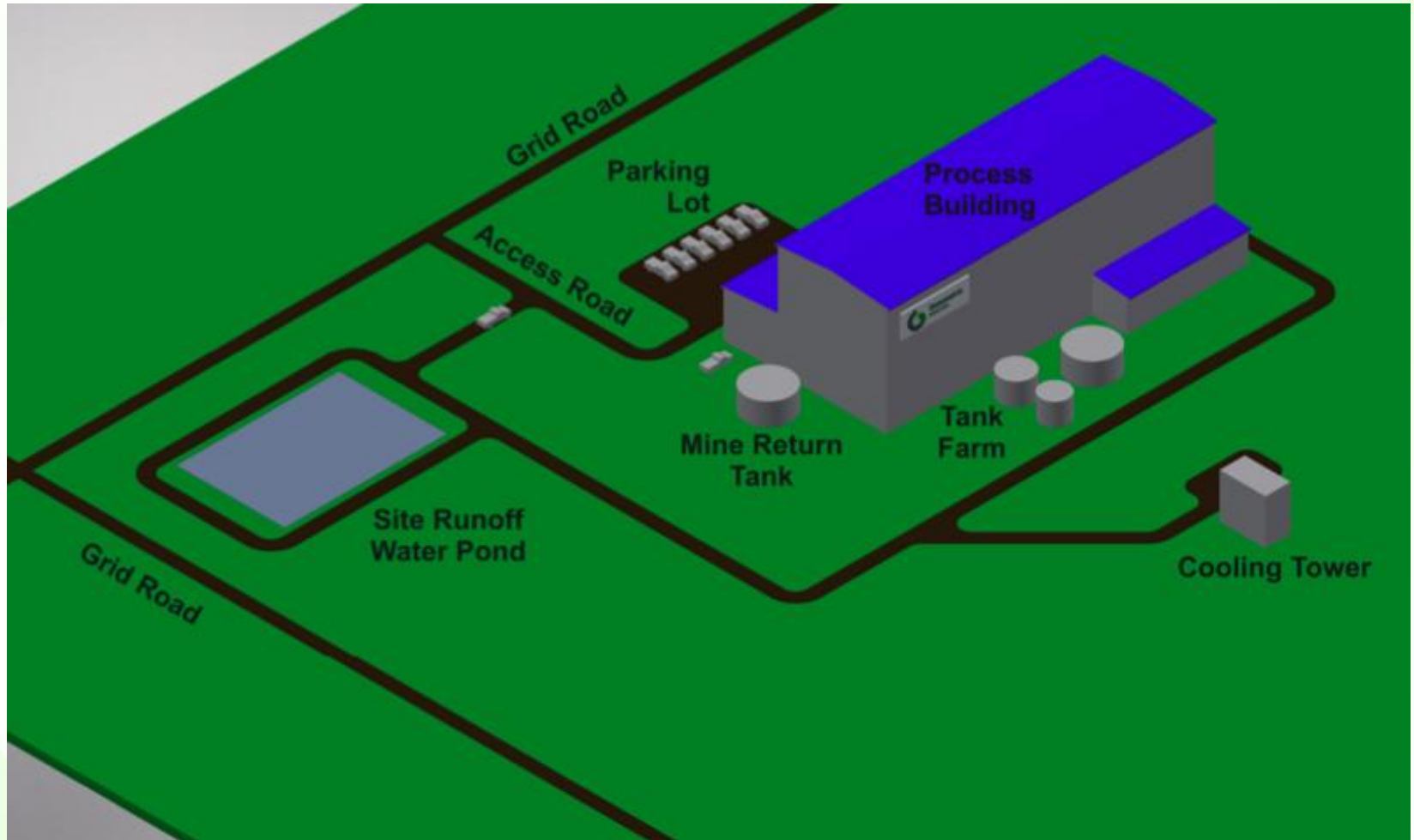
## Conceptual Schematic for Solution Processing



# Project: Conceptual Full Mine Layout



# Project: Conceptual Process Plant Layout



# Overview Schedule to Production

	2016			2017				2018			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Land Acquisition	█										
3D Seismic	█										
Drilling		█									
PEA / Scoping Study	█										
Detailed Feasibility		█									
Engineering/Procurement					█						
Env. Assessment	█										
Construction Licensing		█									
Dev. Financing - \$3.5M + \$5M	█										
Capex Financing	█										
Construction Decision				◆							
Mobilize Contractors					█						
Procure Major Equipment					█						
Site Construction					█						
Commissioning / Startup								█			
First Production											◆

# Project Financing (basis, Vanguard)

- ❑ Next Phase: Vanguard Leases Acquisition and PEA
  - \$2.0 M to complete Leases Acquisition
  - Timing - immediate
  - PEA completion – Spring 2016
- ❑ Feasibility Phase: Complete Vanguard Feasibility
  - \$5M total
  - Timing: Summer 2016 – Q1 2017.
  - Full feasibility study
  - Environmental and regulatory approvals
- ❑ Capex Phase: Construction Financing
  - \$C ~ 250M total estimated Capex
  - 18 – 20 month procurement/construction timeline.

# The Gensource Advantage

- ❑ Global potash consumers are looking for a long term stable supply of potash
- ❑ Saskatchewan is the best, most stable place in the world to mine potash. Some estimates show up to 3,000 + years of world demand is available.
- ❑ Gensource has established access to markets:
  - off-take term sheets in place for 150,000 tonnes per year in Brazil and
  - formal off-take agreement under negotiation with Yancoal Canada Resources for 250,000 t/y (part of the Vanguard Leases Acquisition)
- ❑ Gensource has re-assembled a world class project development team with direct potash development expertise
- ❑ Gensource has proven ability to finance in a challenging market over the past 3 years and additional financing is now underway to continue project development

# Share Structure

## TSX-V: GSP

Shares Outstanding:	208.8M
Warrants (B-Warrants included) & Options:	47.3M
<u>Fully Diluted:</u>	<u>256.1M</u>
Directors and Management	~ 20.0%





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