

GENSOURCE ANNOUNCES KICK-OFF OF A FEASIBILITY STUDY FOR ITS VANGUARD PROJECT

SASKATOON, Saskatchewan – October 12, 2016 – Gensource Potash Corporation (“**Gensource**” or the “**Company**”) (**TSX.V: GSP**) is pleased to announce the initiation of a feasibility study (the “**Study**”) for its first proposed small scale project on the Vanguard property. The Vanguard area comprises two Saskatchewan subsurface mineral leases, KL 244 and KL 245, which are subject to closing pursuant to the Asset Purchase Agreement announced April 6, 2016. Previously (May 31, 2016), Gensource completed a Preliminary Economic Assessment (“**PEA**”) for a project at Vanguard, in compliance with NI 43-101 Standards of Disclosure for Mineral Projects (“**43-101**”, or “**Technical Report**”) which is filed on www.sedar.com under the Company’s profile.

Gensource is seeking to develop a small scale and sustainable production model – the first of its kind in the potash industry. The small size is of key importance:

- It allows for vertical integration of the operation with an identified market partner, who will purchase all of the production,
- Resource projects are much more likely to successfully arrange financing at a smaller scale in the current challenging capital markets,
- Based on the results of the PEA, the Gensource model shows potential for very attractive operating costs (OPEX) that allow the project to be economically attractive even in today’s low-potash-price environment,
- It has, as its premise, a significantly reduced environmental footprint – with no salt tailings on surface, no brine ponds or other brine control structures, and no requirement for fresh surface water consumption, and
- Combined with the significant mineral holdings that make up the Vanguard area, several small-scale and low CAPEX production modules may be assembled with expanding market demand

The Feasibility Study is being initiated as the next step in developing the Vanguard potash area. The general parameters for the Study are:

- Production rate: 250,000 tonnes/year of standard product
 - This production rate will be viewed as a “module”, allowing for one or more modules to be implemented together, either initially or sequentially as an expansion plan over time.
- Mining method: Selective dissolution using horizontal caverns.
- Processing: Cooling crystallization incorporating innovative energy efficiency measures.
- Logistics and transportation to move the product to an overseas port (the sales location).

The Study will confirm both the technical aspects of the project, as well as the financial performance of the project as defined in the PEA, which were as follows:

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

The Study will be completed by an integrated team comprising Innovare Technologies Ltd. (**Innovare**), ENGCOMP Engineering and Computing Professionals Inc. (**ENGCOMP**) and South East Construction (**SECON**); all companies being headquartered in Saskatchewan and all having substantial expertise in potash technologies, design/engineering, construction and operation. The Study is expected to be completed by the end of the first quarter 2017.

Gensource's President & CEO, Mike Ferguson, said, "We are excited to be kicking off this critical next phase of development for the Vanguard project. The integrated team approach for the Study will help ensure validated design and production expectations and provide for construction cost estimates that exceed confidence levels provided by traditional engineering-only feasibility studies. Further, the integrated team will significantly contribute to execution efficiency going forward because of the inclusion of the construction general contractor at this early stage. The logical expectation is that this team will affect efficiencies every step along the way, particularly throughout the design-procurement-construction process."

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

About Innovare

Innovare Technologies Ltd. is a consulting firm, specialized in drilling, solution mining and processing technologies for potash mining projects. The three principals of the company have a combined 100+ years' experience, much of that in the potash industry, and have successfully developed potash projects in Saskatchewan. Based on solution mining and processing concepts developed in other commodities dating back to 1992, the principals realized the potential applications of these concepts and began to adapt them to the extraction of potash.

About ENGCOMP

ENGCOMP is a multi-discipline engineering consulting firm located in Saskatoon, SK. With more than 10 years of establishment in the heart of Saskatchewan's potash industry, ENGCOMP is a leader in the delivery of engineering for potash processing facilities. For more information see www.engcomp.ca.

About South East Construction

South East Construction L.P is a multi-discipline construction and service company with its head office in Esterhazy, Saskatchewan. By delivering projects safely with uncompromised integrity, SEC has proven to be a preferred contractor in the province. For more information see www.secon.ca

About Gensource

Gensource is based in Saskatoon, Saskatchewan and is focused on developing the next potash production facility in that province. Resource'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, and organized that team with a business plan focusing on small scale, economical production and vertical integration. Gensource plans to use up-to-date techniques and technologies to implement a potash facility like no other in the province – one that has a very small environmental footprint and community impact.

For further information about the Company please contact:

Gensource Potash Corporation:

Mike Ferguson, President and CEO
Telephone: (306) 974-6414
[Email: mike@gensource.ca](mailto:mike@gensource.ca)

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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 reserve estimate and 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, 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, 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; 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; 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.
