



## **GENSOURCE ENTERS INTO SECOND MOU FOR POTASH OFF-TAKE WITH STRATEGIC NORTH AMERICAN AGRICULTURE COMPANY**

**SASKATOON, Saskatchewan – March 27, 2018 – Gensource Potash Corporation** (“Gensource” or the “Company”) (**TSX.V: GSP**) is very pleased to announce that it has entered into a second non-binding Memorandum of Understanding (MOU) with a senior North American agriculture industry player (the “Off-taker”). The MOU is for the purchase of 100% of the production, planned at 250,000 tonne/year, from one of Gensource’s small scale potash production facilities to be located in its Vanguard area in central Saskatchewan.

The executed MOU incorporates the principal terms and framework for which both parties contemplate a definitive 10-year off-take agreement, complete with take-or-pay provisions. The formal off-take agreement would allow the parties to jointly create a best-in-class, dedicated supply of potash to feed the demand of farmer’s through-out North America. A key component of the off-take agreement, and agreed in the MOU, is that the Off-taker may provide certain financial guarantees acceptable to a financing institution to aid in the current project finance process.

The general terms of the MOU contemplate:

- Purchase of 100% of the production from one “module” of 250,000 tonne/year capacity,
- Industry-standard pricing structure for delivery of product to the US market,
- 10-year term with an option to renew,
- Take or pay provisions,
- Allowance for the provision of financial guarantees in the definitive off-take agreement suitable to support third-party project financing,
- Right of first refusal for marketing of product from any future production expansions at the project.

The MOU’s intent is for the parties to complete a definitive off-take agreement by the end of April 2018. Concurrently with the completion of a definitive off-take agreement, Gensource will pursue the required project finance package, which will support the currently planned schedule for construction to begin on the first module later this year. With construction time estimated at 18-22 months, first production should occur in early 2020. Please refer to the Company’s SEDAR filings for a copy of the NI 43-101 Feasibility Study Technical Report for details on capital costs for the project, or the Company’s news release dated May 31, 2017. A comprehensive news release will be issued if an Agreement is executed.

Gensource’s President & CEO, Mike Ferguson, said, "This agreement represents a significant step forward in Gensource’s efforts to bring its unique business model to the US agriculture industry. It has been Gensource’s corporate goal to create a



direct link between a producing facility in Saskatchewan and the actual end-user of potash. Our connection with the Off-taker helps Gensource reach that goal. By combining a modern production facility, with its efficiency and significantly reduced environmental footprint, with direct-to-farmer sales and logistics capabilities, we believe the two groups together represent the new face of the potash supply chain in the ag industry.”

## **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 completion of the definitive*



*offtake agreement on terms as announced or at all, securing project financing on terms which are economic or at all, 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 Gensource's financial condition and prospects, completion of the definitive offtake agreement on terms as announced or at all, securing project financing on terms which are economic or at all, 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: failure to settle a definitive joint venture agreement with a party and advance and finance the project; changes in general economic conditions and conditions in the financial markets; the ability to complete the offtake agreement on terms as announced or at all or to find and source other off-take agreements; the ability to secure project financing on terms which are economic or at all; 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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