

# *A Better Approach to Potash Production*

*“Fundamental Shift in Logic Not Landscape...”*

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*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.*

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# Why Potash?

**Customers seek additional potash sources to reduce dependency on the small group of suppliers**

## **Choice:**

- Provides a choice to consumers, from a new, independent producer
- Direct-to-consumer (or as close as possible) sales result in significant savings by bypassing the “middle man” distribution channel

## **Cheaper:**

- Lower capital costs - financeable
- Low Operating Costs – the lowest cost of production outside of Russia

## **Cleaner:**

- Environmentally head and shoulders above existing potash operations
- Easier to permit

# Investment Thesis

## Disrupting the highly controlled potash market

### Technical Innovation

- Selective dissolution, a 21<sup>st</sup> century extraction and processing technique, provides significant lower Capex & Opex
- No environmental footprint

### Vertical Integration

- Creating an integrated business model with key single-market purchasing partners
- Product is pre-sold through negotiated take-or-pay agreements

### Small & Scalable

- Economic small scale extraction operations (250,000 t/a) are quicker to develop
- Ability to add numerous facilities on same project area

# Share Structure

**As of April 12, 2017**

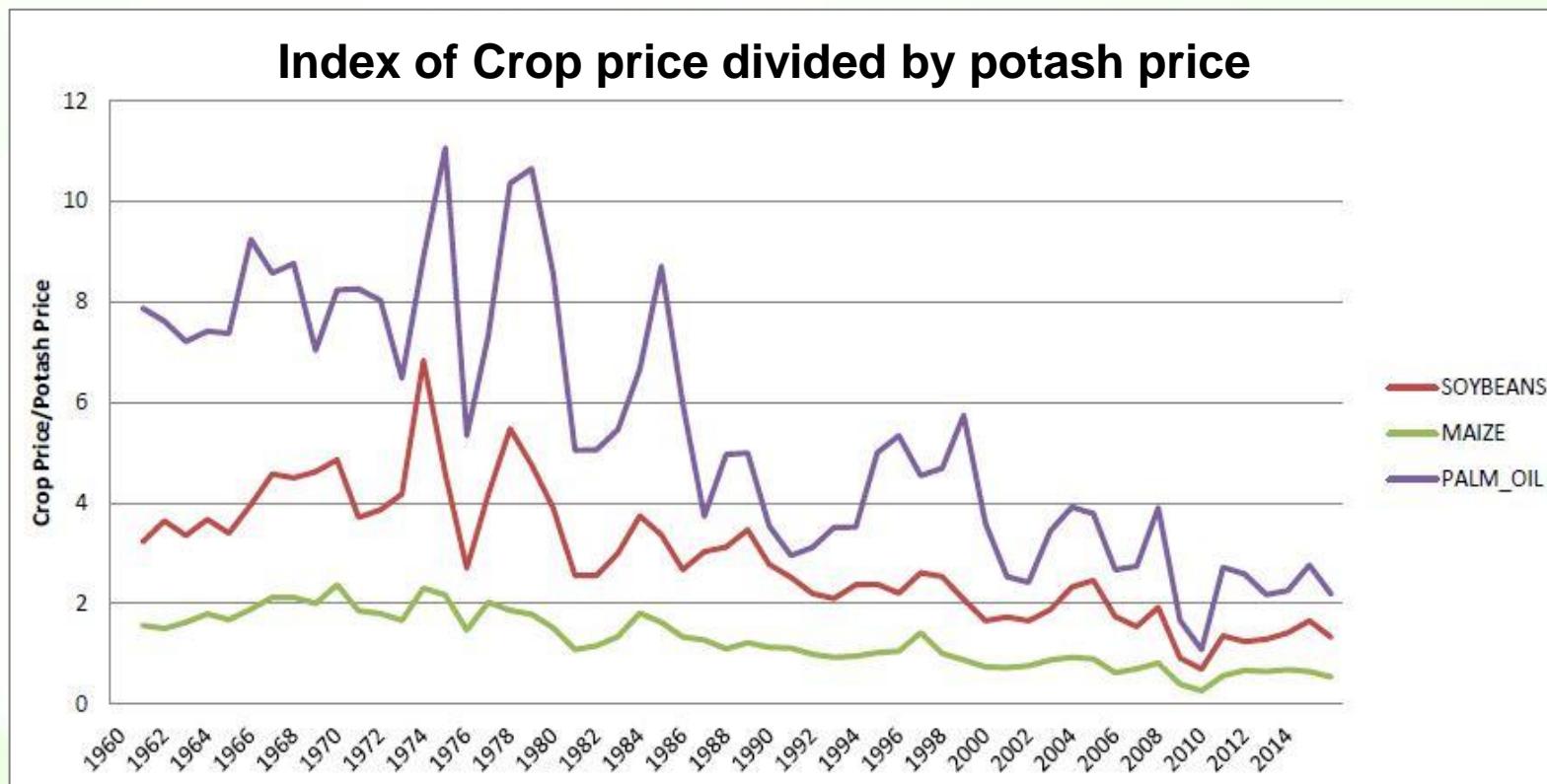
Market Capitalization	\$52.7 Million
Recent Share Price	\$0.19
52 Week Range	\$0.06 - \$0.24
Basic Shares Outstanding	281.9 M
Options	15.8 M
Warrants	63.8 M
Cash Position	\$600 K
Debt	\$0
Management, Directors & Business Associates	~38%

**GSP-V Stock Price**



# Business Opportunity

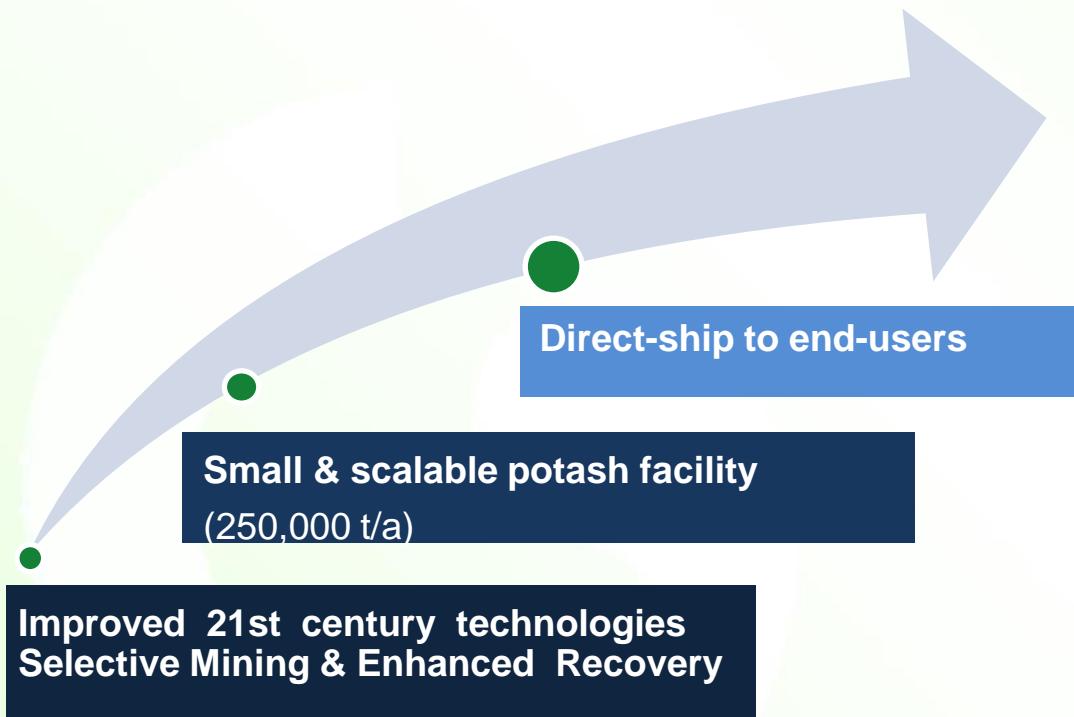
**Agriculture growers face continued margin compression and have zero potash supply choice**



Source: World Bank data statistics, IMF International Fin. Stats., Gensource Potash  
 (TSX.V: GSP)

# Vertical Integration

**Vertical integration has not been possible in potash due to the extraordinarily high barriers to entry**



**End-user Benefits** - improved pricing coupled with improved access to potash fertilizer

***Vertical Integration:***  
*arrangement whereby the supply chain of a company is owned by that company*

# Small & Scalable

## How do you be small in an industry that lives on BIG numbers?

1. Start with a senior team of industry leading experts in cavern design, potash processing and project management
2. Assemble a massive resource. Gensource has two project areas with 100,000 acres of mineral leases - *145 million tonnes Indicated resource within □ 8,000 acres\**
3. Pre sell 100% of **initial** scoped potash production to credit worthy market partner – off-take and joint venture agreement signed with Essel Group ME on April 24, 2017
4. Utilize **existing** and up-to-date **selective mining** techniques and novel processing methods
5. Duplicate. Each project area can hold multiple satellite facilities to meet presold demand

# Management & Board Strength

## Experienced Leadership - Management

### **Mike Ferguson, P. Eng. - President & CEO**

Led the world-class team that developed Potash One's Legacy Project, the only Saskatchewan greenfield potash development in 40 yrs to proceed to construction. **Sold to K+S for \$434 million**

### **Rob Theoret, B.Comm., CIM - CFO**

20 years capital market experience. Co-founder of NEXXT Potash (predecessor to Gensource Potash) and successfully financed several 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.

### **Paul Neufeld, P. Eng. - Project Manager**

Experienced project manager in the mining and minerals industry with specific experience managing potash related projects in Saskatchewan.

# Management & Board Strength

## Experienced Leadership - Directors

### **Mike Ferguson, P. Eng. - President & CEO**

Led the world-class team that developed Potash One's Legacy Project, the only Saskatchewan greenfield potash development in 40 yrs. to proceed to construction. **Sold to K+S for \$434 million**

### **Dwayne Dahl - Director**

25 years of experience in the potash and fertilizer industry through senior positions at Canpotex Limited, including the last 16 years as CFO / Senior Vice President and Treasurer

### **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 of Canada. Served as a Director of Migao Corporation and Allana Potash Corporation

### **Paul Martin - Director**

Chairman of Martin Charlton Communications, Saskatchewan's largest public relations firm specializing in communications strategy, media relations, government relations, and strategic advice

# Technical Team

**These individuals, together with Mike Ferguson, comprised the core Potash One team responsible for the project's success**

## **Max Ramey, P. Eng. - Solution Mining**

Solution mining lead for the Potash One - Legacy Project (as well as the Rio Tinto - Potasio Rio Colorado Project in Argentina). Solution mining lead for the design, pilot testing, commissioning, and operation of the American Soda nahcolite solution mining project in Colorado, USA. With 31 years of solution mining experience and a track record in operations, design, and commissioning of solution mining facilities, Max is a world-class expert in high demand throughout the solution mining industry.

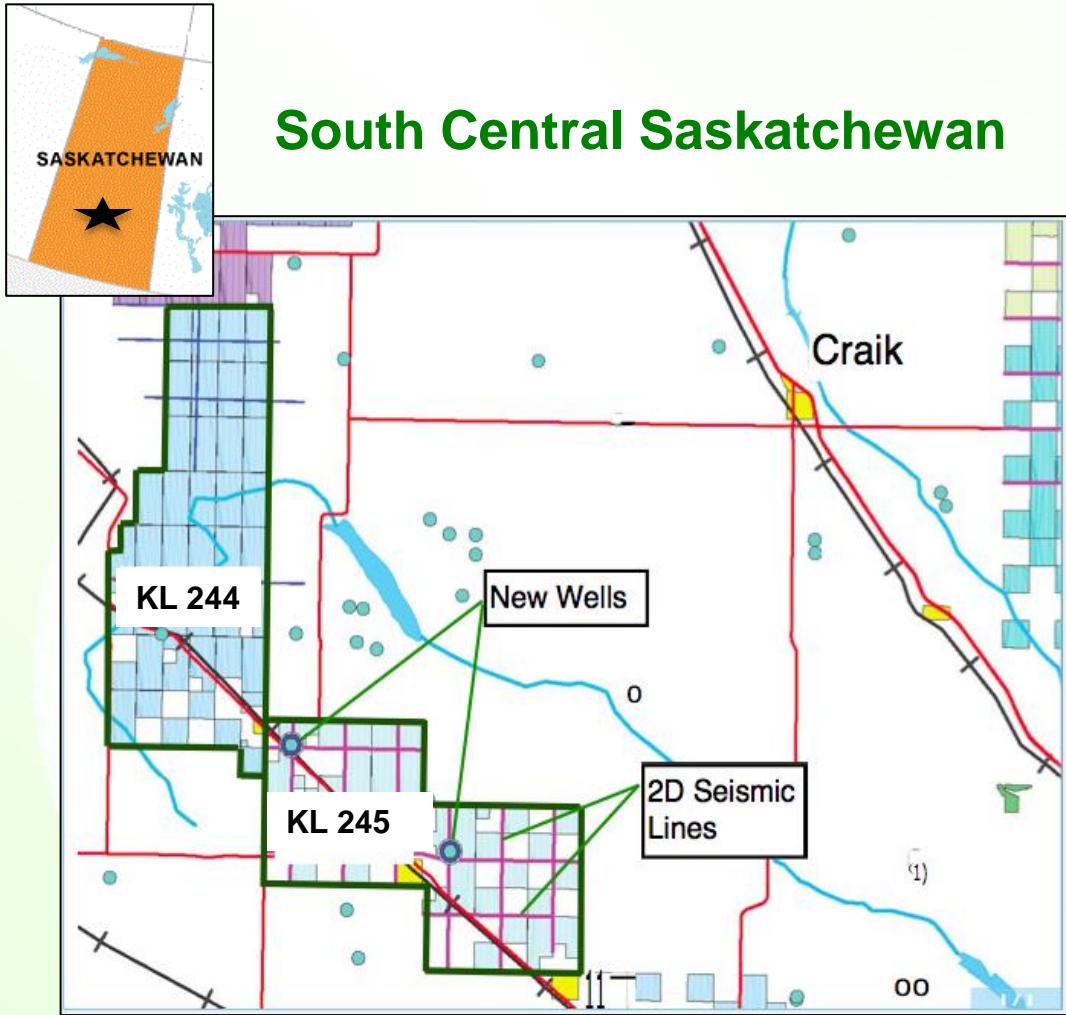
## **John McEwan, P. Eng. - Processing**

Developed the process design for the Legacy project, as well as the Potasio Rio Colorado Project in Argentina based on his over 40 years in the mining/ mineral processing 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, providing an exceptionally efficient processing solution for Gensource's selective dissolution projects.

## **Sandy Debusschere - 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 is responsible for the drilling design for Potash One's Legacy Project as well as for several other solution mining projects in Saskatchewan and worldwide. Sandy's expertise extends to horizontal drilling and solution mining-specific aspects of drilling and casing operations.

# Vanguard Project



- Vanguard project situated outside Craik along Provincial Highway 11 between Saskatoon (140 km) and Regina (120 km)
- Central to infrastructure including roads, rail, water, and power
- Strong local and provincial support
- Positive Preliminary Economic Assessment (PEA) completed in May 2016
- **Current: Feasibility Study (May 2017), bankable NI 43-101 resource (Feb 2017)**

# Vanguard PEA Results

**Project capacity:** 250,000 t/a final product, standard grade

**Mine life:** **>100 years, 64 Mt** of inferred resource (NI 43-101 Resource Estimate 04/28/16)

**Mining method:** **Selective Dissolution** using horizontal caverns

**Processing:** Cooling crystallization using energy efficiency measures

**Capex:** USD \$190M

**Opex:** USD \$40.30/tonne

## Compelling Project NPV and IRR

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

## 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	(\$4,405,129)	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

# Comparative Mining Methods

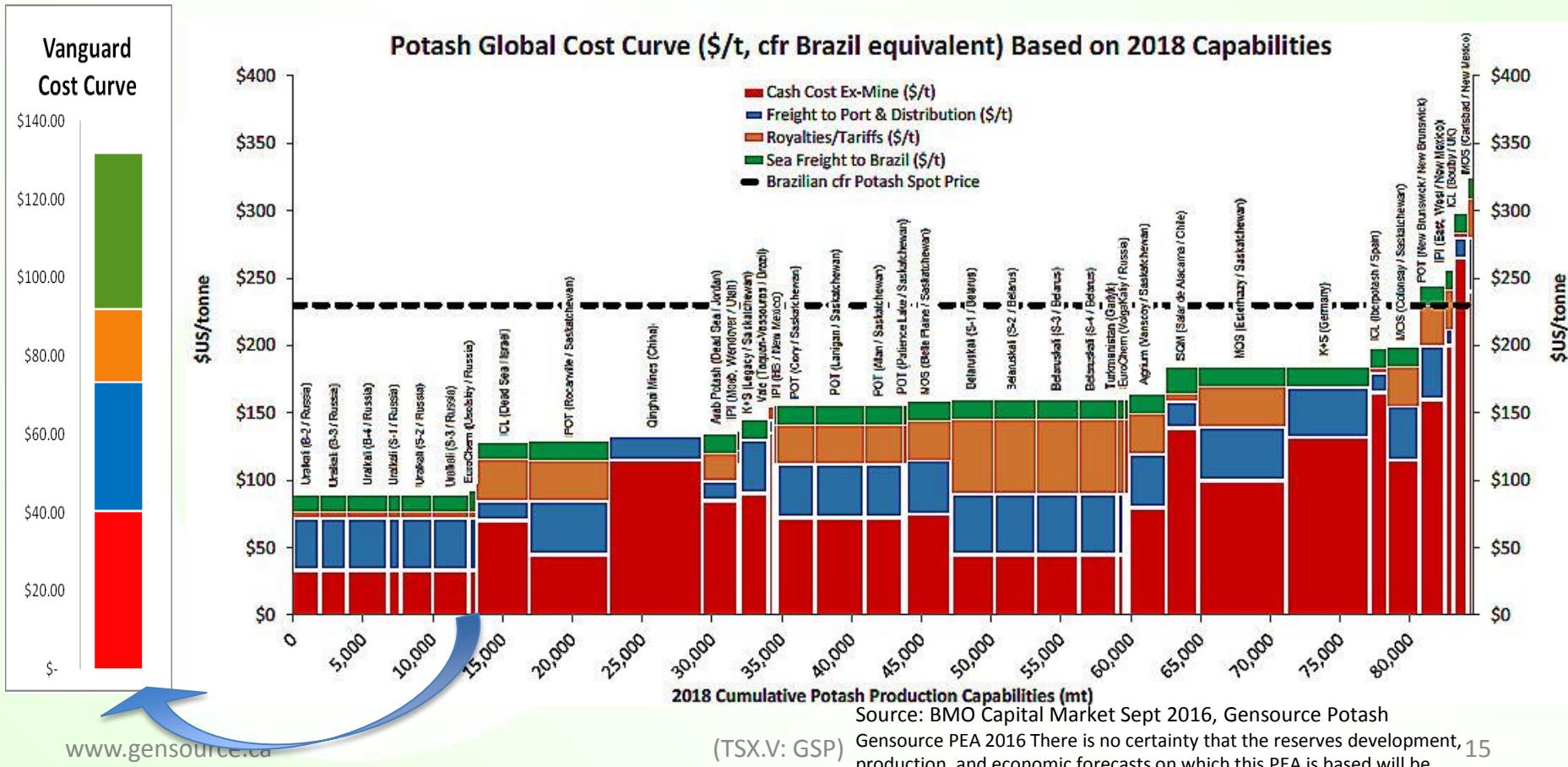
	Conventional	Conventional Solution Mining	Selective Dissolution (Vanguard)
Min. viable production rate	2.5+ Mt/a	2.0 Mt/a	<b>250 kt/a</b>
Capex per tonne (\$US)	\$1,990 *	\$1,620 *	<b>\$761 **</b>
Operating costs (\$US)	\$80 /t *	\$118/t *	<b>40.3/t**</b>
Development Time	7-10 years	6-8 years	<b>3 years **</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 required	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 – the economic analysis in the PEA is based on Inferred Resources, and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the reserves development, production and economic forecasts on which this PEA is based will be realized. See "Disclaimer".

# Comparative Project Economics

**Vanguard's cash costs are the lowest in North America and on par with Russia**



# Vanguard Potash Corp. - 1st JV



April 4, 2017 - executed a shareholders Agreement with  
Essel Group ME Limited ("EGME") creating JV Co.,  
**Vanguard Potash Corp. "VPC"**\*

## Key Joint Venture and Off-take Terms

EGME to contribute capital to Vanguard in two tranches:

- (i) First tranche of \$US 5M will be used to fund the feasibility study
- (ii) Second tranche of \$US 200M, representing the estimated capital to construct and commission first facility;

Gensource brings its expertise, project area and selective mining and enhanced processing methods to the JV – EGME will purchase 100% of the production;

VPC ownership - 49% EGME and 51% Gensource upon receipt of the first tranche (\$US 5M) - Once construction financing is committed and delivered (est. \$US 200M), Vanguard to become 70% EGME and 30% Gensource;

\* Pursuant to the MOU between the two parties announced on November 29, 2016  
(TSX.V: GSP)

Upon completion of Phase One (to produce 250,000 tonnes), VPC shall make all commercially reasonable efforts to complete one or more expansion phase necessary to increase production of potash to a **final production target of 1M t/yr**;

Vanguard Board comprised of three nominees of EGME and two nominees of Gensource;

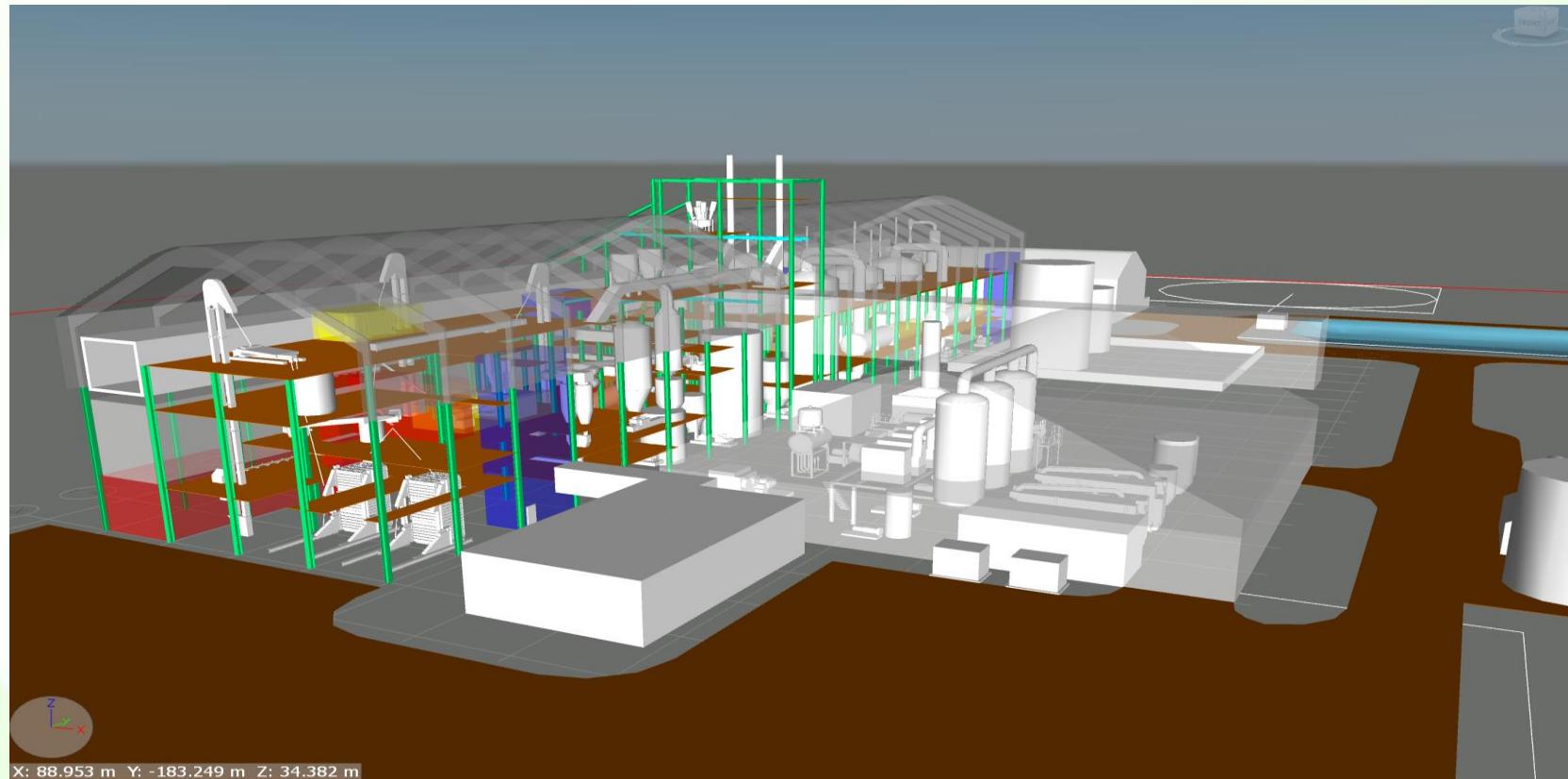
A jointly appointed management team will lead the development while **Gensource will maintain control of Vanguard until construction financing is committed and spent**.

## About Essel Group Middle-East Ltd.

Essel Group (Middle East) Limited (“EGME”) is part of Essel Group, an \$11 Billion Indian multinational conglomerate. Building on Essel Group’s 90 year history of developing and building businesses, EGME is leading the Group’s international expansion in Europe, Middle East, Africa, Asia Pacific and North America. EGME operates subsidiary businesses in energy, potash, iron ore, industrial supply and logistics, education and financial services sectors.

# Vanguard Plant Design

Advancing the engineering and design for the first module to be constructed in the Vanguard Area - Simple and Repeatable



# Selective Dissolution

## Cost effective and efficient recovery method

### Step 1

- Horizontal drilling techniques enable the creation of horizontal **Selective Dissolution** caverns

### Step 2

- Brackish formation water is used as the input (not fresh surface water) and made into an extraction brine by saturating it in NaCl (salt)
- When the brine is saturated with NaCl, only KCl (potash) is dissolved

### Step 3

- Saturated brine is pumped through horizontal caverns to a crystallization process on surface to remove the KCl from the brine, resulting in solid crystals of potassium nutrient (KCl)

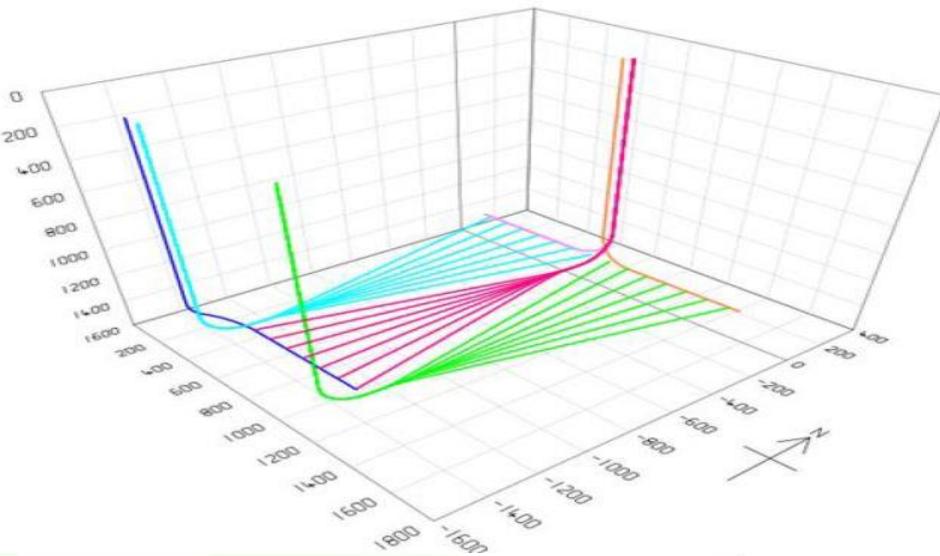
### Step 4

- KCl is dried and screened to a specific size for sale as the final product

### Step 5

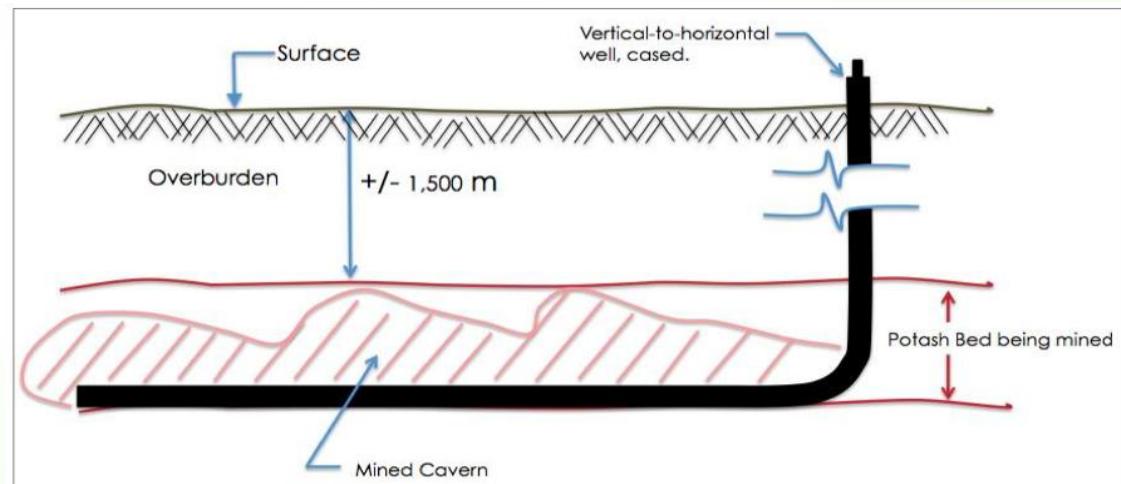
- Remaining brine (still saturated with NaCl but not KCl) is returned to the horizontal caverns, where it dissolves additional KCl and the cycle is repeated

# Simple Mining Schematic



Conceptual Horizontal Well Pattern

Conceptual Horizontal Cavern for Selective Dissolution



(TSX.V: GSP)

# Big Problem with Existing Technology

## Gensource is NOT a Conventional Potash Mine



Gensource facility - 300 Meters by 300 Meters

### Conventional = **HUGE** environmental footprint

- Massive salt tailings stored on surface for indefinite period
- Large fresh water consumption
- Large demand on utilities

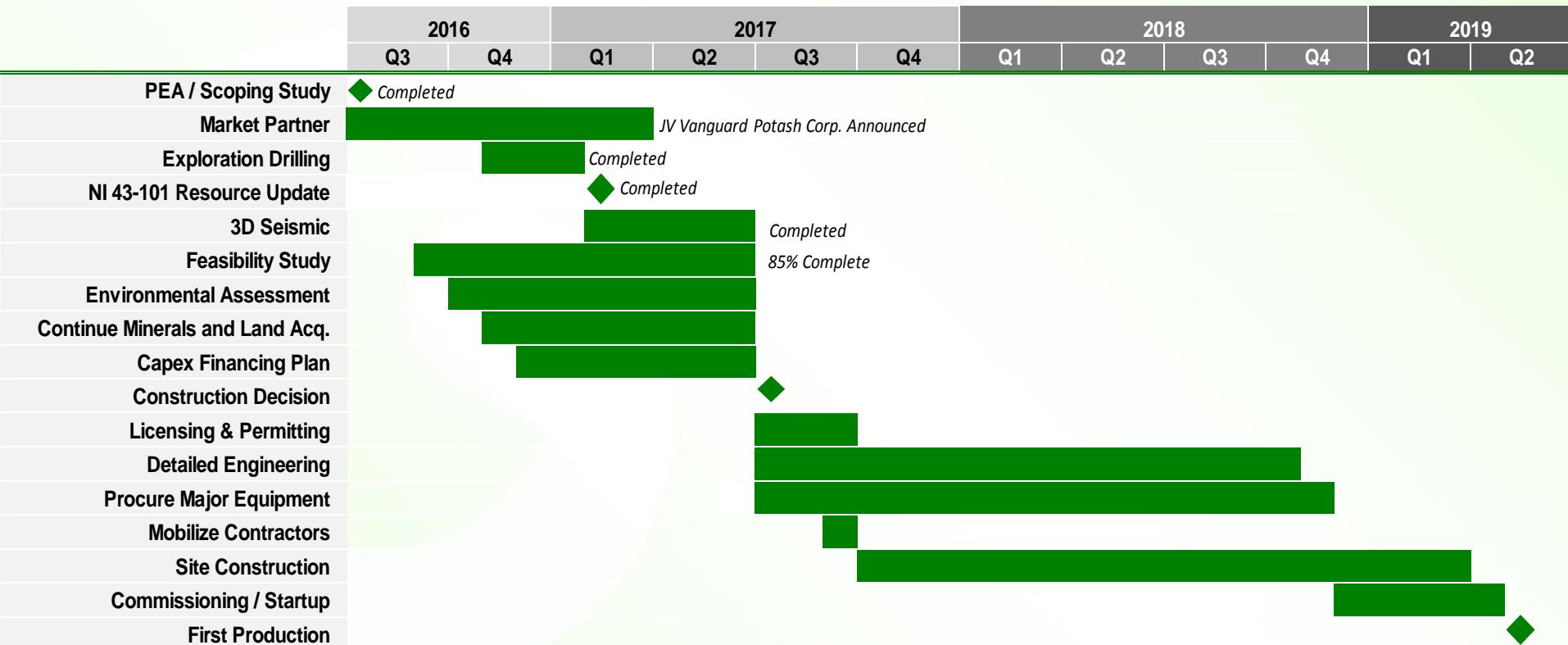
### Gensource = **small** environmental footprint

- No salt tailings or brine ponds
- Brackish groundwater for mining & process

Source: Google Earth, PCS Cory, Saskatchewan

# Development Timelines

## Proposed production horizon less than 3 years



# Drilling & Geology

## Technical NI 43-101 Resource Report

**145 million tons Indicated – 328 million tons Inferred**

INDICATED RESOURCE										
Member	Sub-Member	Total KCl Grade	Carnallite Grade	Insolube Grade	Average Thickness	Total Sylvinite Tonnage	Sylvinite Tonnage with Deductions	Sylvite Tonnage (KCl), 30% recovery	Sylvite Tonnage (KCl), 40% recovery	Sylvite Tonnage (KCl), 50% recovery
		Weight %	Weight %	Weight %	meters	Weight %	Million tons	Million tons	Million tons	Million tons
Patience Lake Member	PLM1	39.03	0.75	6.21	4.40	290.00	232.00	27.16	36.22	45.27
	PLM2	28.91	0.60	7.03	3.65	240.07	192.06	16.66	22.21	27.76
	PLM3	39.33	0.60	9.24	2.91	145.84	116.67	13.77	18.36	22.94
	PLM4	36.32	0.67	10.43	1.90	125.48	100.38	10.94	14.58	18.23
Sub-Total		35.63	0.67	7.67	12.86	801.39	641.11	68.53	91.37	114.21
Belle Plaine Member	BPM1	37.82	0.98	6.2	0.79	35.24	28.19	3.20	4.26	5.33
	BPM2	41.18	0.44	2.69	2.06	81.79	65.43	8.08	10.78	13.47
	BPM3	33.36	0.45	2.38	1.27	59.09	47.27	4.73	6.31	7.88
	BPM4	28.7	0.7	3.58	2	130.12	104.09	8.96	11.95	14.94
	BPM5	35.65	1.4	4.83	1.26	82.05	65.64	7.02	9.36	11.70
	BPM6	26.53	1.62	2	1.7	110.51	88.41	7.04	9.38	11.73
	BPM7	55.73	1.64	0.63	0.45	8.58	6.86	1.15	1.53	1.91
Sub-Total		33.00	0.98	3.29	9.53	507.37	405.89	40.18	53.57	66.96
Total							1047.01	108.70	144.94	181.17

Source: Gensource NI 43-101 Technical Report, February 17, 2017  
 (TSX.V: GSP) 23

# Drilling & Geology

Resource is  
thick, rich and  
consistent

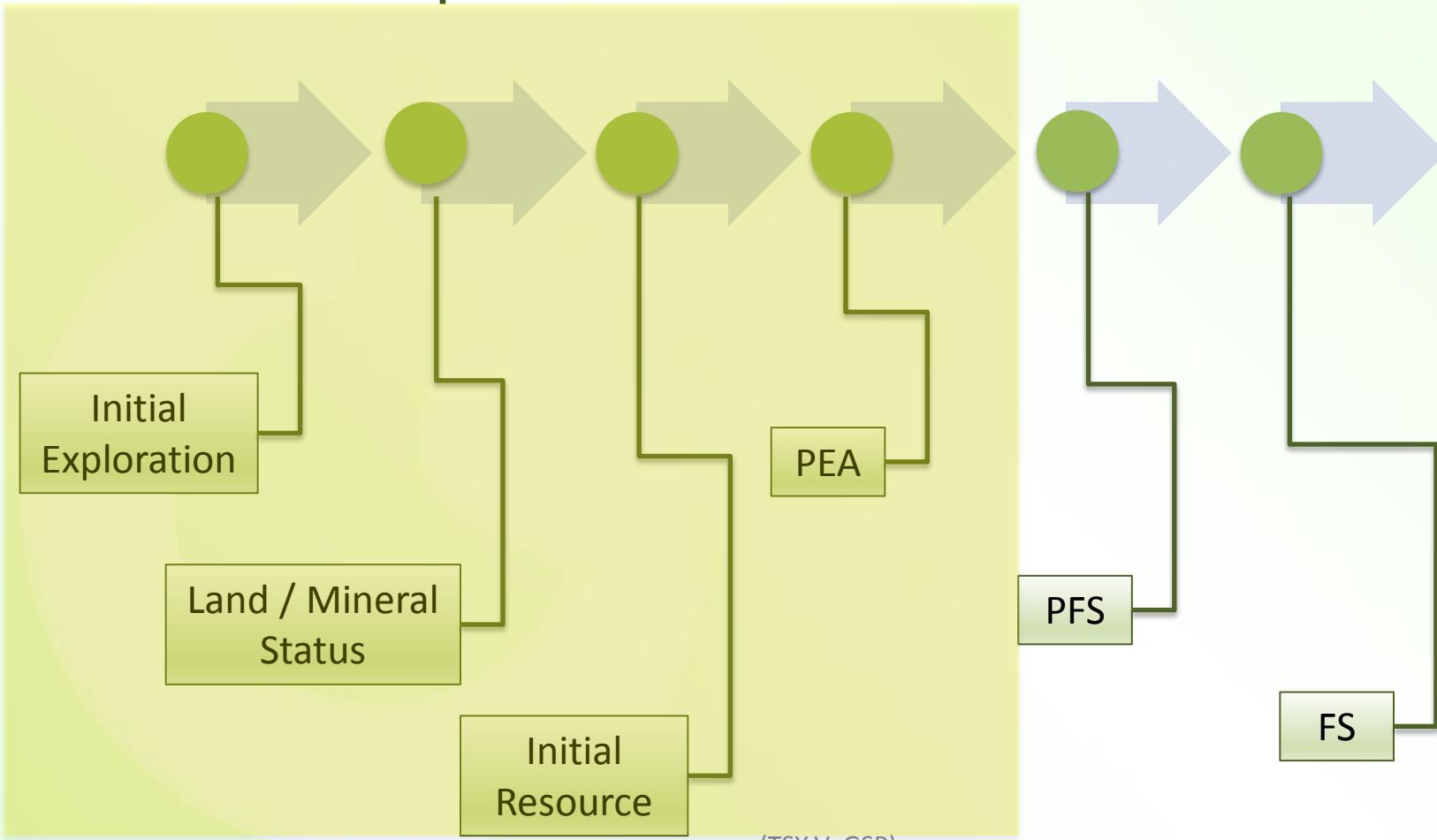


		Well #2 (Drilled early 2017)	1-18 (Drilled 2012)	Well #1 (Drilled late 2016)
Patience Lake Member	Average Grade (wt% KCl)	36.9	34.2	33.9
	Thickness (meters)	12.7	11.1	14.4
Belle Plaine Member	Average Grade (wt% KCl)	34.6	33.8	35.7
	Thickness (meters)	9.4	10.1	8.5
Esterhazy Member	Average Grade (wt% KCl)	18.3	18.7	15.8
	Thickness (meters)	6.3	6.7	10.5

Source: Gensource NI 43-101 Technical Report, February 17, 2017  
(TSX.V: GSP)

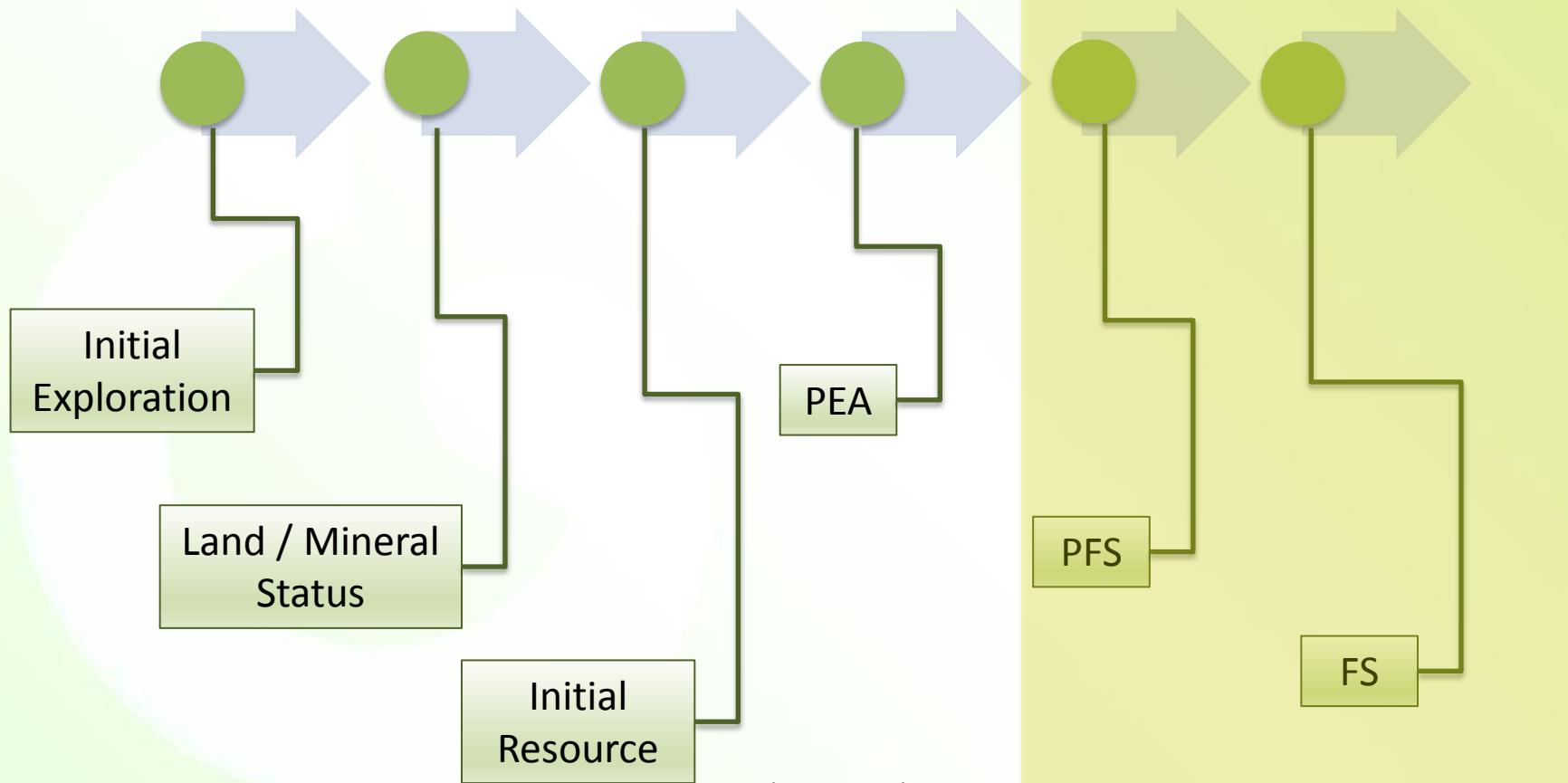
# Project Development

## Work Completed To Date



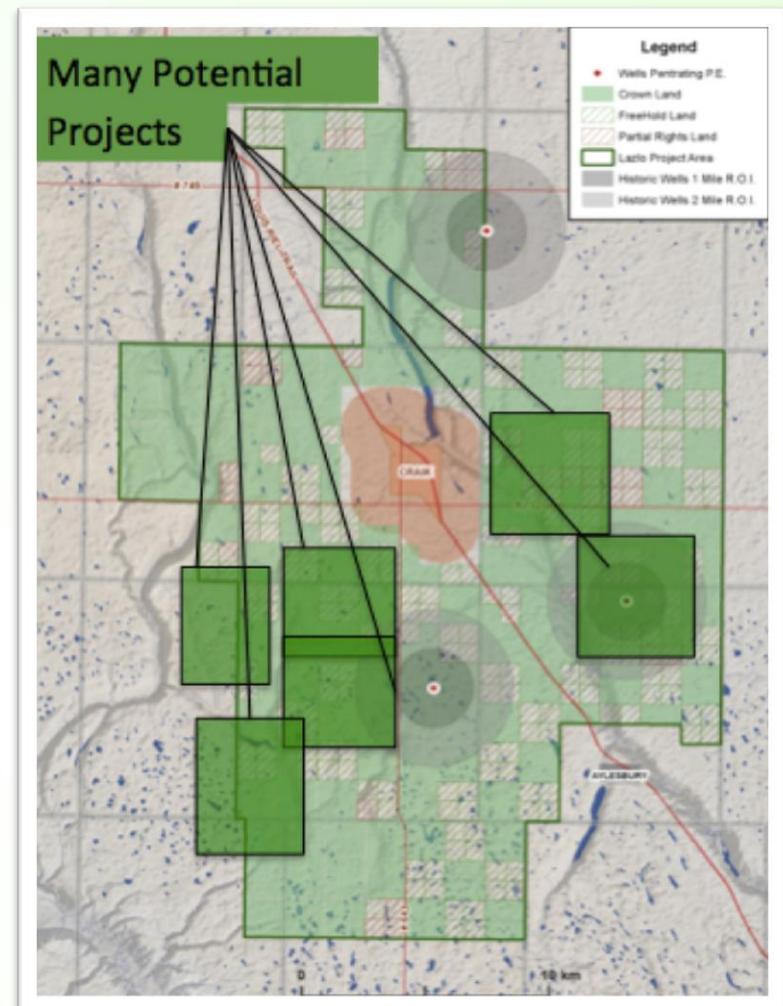
# Project Development

## Current Status & Next Steps



# Lazlo Project

- Second project area, total of 123,000 acres and ideal candidate for a ***selective dissolution*** operation
- Lazlo Project 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 Project

## The resource in the Lazlo area is rich and widespread

- Updated NI 43-101 report completed in December 2014
- Defines an “exploration target” complete with ranges of expected resource grades and tonnages

**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

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