

# GENSOURCE ANNOUNCES 43-101 RESOURCE AT ITS NEW VANGUARD PROJECT – LAUNCHES COMPANY TOWARDS PEA AND ACCELERATES PATH TO CONSTRUCTION DECISION

- On May 5<sup>th</sup>, 2016 - *only three weeks after announcing the planned purchase of two mining leases (Leases or Properties) from Yancoal Canada Resources (YCR)* - Gensource completed an initial National Instrument 43-101 compliant resource estimate for the properties.
- Resource estimate is based on the geological data being purchased with the properties and defines 100 million tonnes of potash in the inferred category – See table below:

Member	Min. Grade (%KCL)	Max. Grade (%KCL)	Ave. Thickness (m)	Potential Potash Product (Mt)
Lower Patience Lake	32.12	45.73	4.42	100
				(At the mid-range 40% overall recovery)

Notes to Table:

- Only the Lower Patience Lake high grade zone included in resource estimate.
- Potential Product based on a standard 60.5% K<sub>2</sub>O content KCl product, all known anomalies plus an additional 25% factor for unknown anomalies, as well we as standard mine and plant recoveries. The quoted number is based on a 40% overall recovery and sensitivity numbers were provided in the report for 30% and 50% overall recoveries.
- KCL conversion factor applied to K<sub>2</sub>O resource 1.58288.

- The 43-101 Technical Report also defined additional “exploration target” for conceptual resource in the upper Patience Lake and upper Belle Plaine members.
- Recommended next step – **complete a PEA (Preliminary Economic Assessment) for a potential project on the Properties.**

## The impact of the Technical Report is significant for Gensource

### Time:

The purchase of the two mining leases from YCR jump-starts the project development phase at Vanguard, saving Gensource time and costs. To drill these wells and shoot seismic would take 8-10 months to plan, execute and analyze. Instead, this data is available at the outset.

### Money:

To drill the two wells and shoot the seismic would cost nearly \$4M to complete today. Instead, the data is available as part of the cost of the Leases.

### Springboard to PEA:

The ability to define a formal 43-101 resource based on the geological investigations completed by YCR allows Gensource to move very quickly towards the next step: A PEA, or Preliminary Economic Assessment.

A PEA is the first glimpse of what a project might look like in the Vanguard area. It would include the geological information already published with the initial 43-101 Technical Report with an inferred resource, but it also would include engineering, infrastructure, transportation, market and economic data.

In Short, a PEA covers the same ground as a Preliminary

Feasibility Study (PFS) and a Feasibility Study (FS), but covers it in less depth and less detail. A PEA is *not* a PFS or a FS, as it is based on an inferred resource only, however it is the first glimpse into what a project might look like on the property”.

*Figure 1 shows the two Lease areas and points out the geological work that has been completed on the permits to-date. YCR completed two drilled wells and shot over 100 km of 2D seismic in the area.*

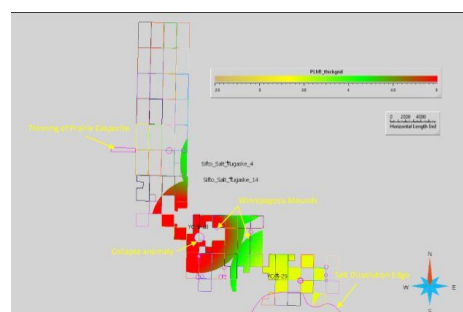


Figure 1: Assets being purchased from YCR

### Off-Take:

One of the most important aspects of the transaction is that YCR, a subsidiary of Yanzhou Coal Mining Company (traded on the NYSE as YZC) acting as the “market” and has committed to acquire 100% of the targeted 250,000 t/a production for the first five years, if a production decision is made on the basis of a feasibility study.

**The scientific and technical information contained in this presentation was prepared by or under the supervision of Mike Ferguson, P. Eng., who is the President and Chief Executive Officer of Gensource Potash Corp. and is a "Qualified Person" under National Instrument 43-101.**

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