

## **GENSOURCE ANNOUNCES VANGUARD ONE PROJECT ACHIEVES ENVIRONMENTAL ASSESSMENT MILESTONE**

**SASKATOON, Saskatchewan – AUGUST 9, 2018 – Gensource Potash Corporation** (“Gensource” or the “Company”) (TSX.V: GSP) is pleased to announce that it has received the Ministerial determination (the “Determination”) of “not a development” from the Saskatchewan Ministry of Environment (“MOE”) for the Vanguard One project (the “Project”). As a result of the Determination, Gensource is not required to complete a full Environmental Impact Assessment (EIA), since it has been recognized that the Project has a number of positive environmental attributes that will not trigger the stringent criteria of the Saskatchewan Environmental Assessment Act and, consequently, the Project is unlikely to have a significant impact on the environment. This notification officially confirms that the Project can now proceed to the next stage of the environmental regulatory process: detailed construction licensing.

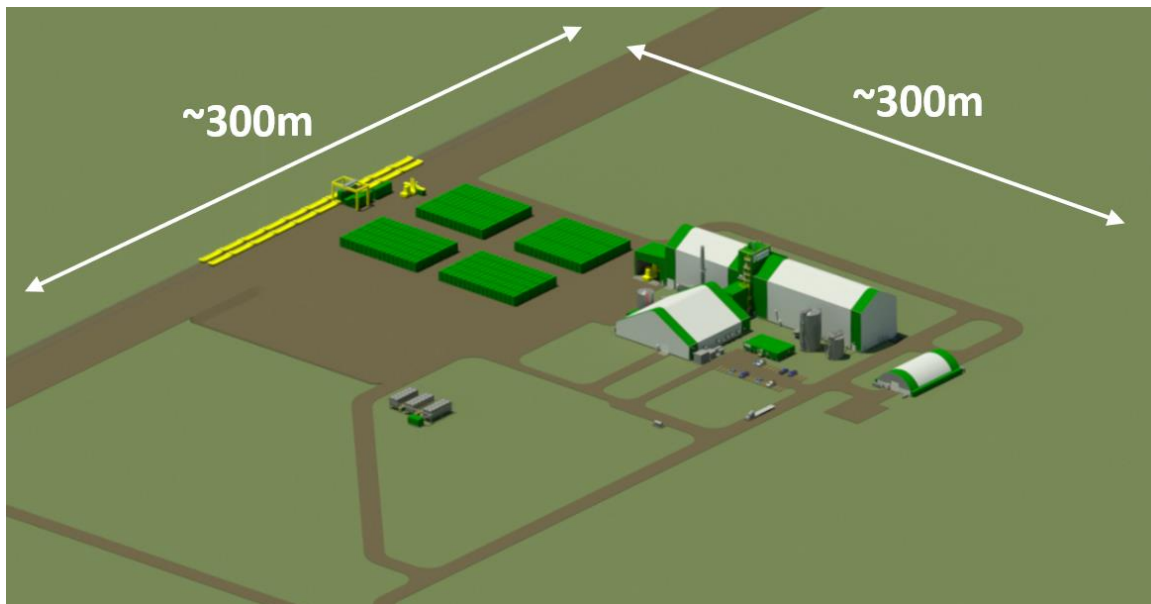
Mike Ferguson, Gensource’s President & CEO stated that “a Ministerial Determination of ‘not a development’ is a fantastic outcome for Gensource and our Vanguard One project and is exactly what the team was working towards. It is a decision that we anticipated due to the fact that our approach to potash mining is radically different from traditional potash projects – Vanguard One will be much more environmentally friendly with no salt tailings and no brine ponds of any sort. This Determination not only confirms one of our core values as a company - to provide a cleaner source of potash production - but it is also a crucial element to our Project success, as it enables a much faster, more efficient and cost-effective overall project development timeline.”

According to the MOE, “*An Environmental Assessment (EA) is a results-based process used by the Government of Saskatchewan to understand and evaluate the potential environmental impacts of a project before any irreversible decisions are taken that may lead to negative effects on the environment, natural resources or public health and safety.*” As per the Environmental Assessment Act (the “Act”), proponents are to evaluate and self-assess as to whether or not their proposed project is likely to meet any of the specific criteria within the Act that would trigger a full environmental impact assessment, and whether a review under the Act is warranted.

Based on the technology, size, and environmental implications of the Project, the Gensource team strongly believed that the Project should not be classified as a “development” under the Act. On that basis, Gensource engaged Golder Associates Ltd. (Golder) to prepare a Technical Proposal for the Vanguard One project, which was submitted in June 2017 to the Environmental Assessment & Stewardship (EAS) Branch of the MOE, for review and determination. As part of

the Technical Proposal, potential effects of the Project on the local environment were assessed. Further work was completed to address additional information requests from the EAS Branch over the course of the review period. Subsequently, on August 8, 2018, Gensource received official communication from the Government of Saskatchewan confirming that, indeed, the Project was not classified as a “development”, since the Project is unlikely to cause significant adverse residual effects on the environment. For more information about the Saskatchewan Environmental Assessment process, you can visit: <https://www.saskatchewan.ca/business/environmental-protection-and-sustainability/environmental-assessment/environmental-assessment-process>

The Vanguard One project is not a conventional potash solution mine. The plant site footprint is approximately 300 m by 300 m (9 hectares or approx. 22 acres) and, compared to a conventional potash solution mine, it has a reduced impact on the environment through its lack of salt tailings, lack of brine-containing surface ponds, reduced impact to utilities and local infrastructure and reduced water consumption per tonne of product produced. These features are all enabled by Gensource’s innovative selective solution mining and enhanced potash recovery and process techniques. The small-scale footprint of a Gensource facility is shown in Figure 1.



*Figure 1: Aerial Perspective of Vanguard One Module (Overall Site Footprint, Less than 9 Ha or 22 ac.)*

To summarize, the environmental advantages of a Gensource potash module include:

- No salt tailings or brine structures (i.e. ponds) on surface.
- Only groundwater will be used for mining and process water.
- Reduced consumption of water per tonne of product produced.

- Self-generating power (Natural Gas boiler/steam turbine generator – cleaner than purchasing grid power, which is majority coal-fired, resulting in a net greenhouse gas reduction).
- Site layout can accommodate doubling of production capacity, without a footprint increase.
- Smaller consumption of utilities, and lower impact on community infrastructure.

The Project is designed to produce 250,000 tonnes per year of potassium chloride (KCl, or potash). In context, this is approximately 1/10th of the annual production of a typical potash mine in Saskatchewan – a feat accomplished while driving down operating costs per tonne to a globally competitive level. The drastic footprint difference between a Gensource module (indicated within the green box) and a traditional potash mine (indicated within the red box), are shown to scale in Figure 2.



Figure 2: Side by Side Potash Mine Environmental Footprint Comparison (Gensource footprint vs. "Traditional" Potash footprint) Image Source: Google Earth, modified by Gensource

Gensource has previously communicated that there remained two significant milestones to allow the Project to proceed to construction: environmental assessment; and project finance.

In May, the Company announced a definitive, binding off-take agreement with a strategic North American diversified agricultural company (see May 18, 2018 news release) for the sale of 100% of Vanguard One's production for a period of 10 years.

Today, with this news release, the Company announces the accomplishment of the environmental assessment milestone: approval from MOE, allowing the Project to move forward to construction licensing.

The one remaining item is project finance. Since the completion of the definitive off-take agreement, Gensource, in conjunction with its investment banking team, has made positive and steady progress in assembling the necessary project financing package to launch the Project forward into detailed engineering/procurement and construction. Further updates will be provided as the finance package progresses.

“The Determination from MOE for the Vanguard One potash project is truly remarkable and is not only a significant milestone for Gensource and our first Project, but also a milestone for the advancement of the potash mining industry. It is the first potash project in Saskatchewan’s history to be deemed ‘not a development’ under existing environmental assessment legislation. With the Vanguard One project, we believe that Gensource has set the direction for the future responsible stewardship of one of Saskatchewan’s most economically important natural resources, initiating the use of efficient and environmentally responsible potash production,” says Gensource’s President & CEO, Mike Ferguson. “We appreciate the work of our team, together with the professionalism exhibited by the personnel of the EAS Branch of the MOE, to allow us to achieve this milestone. We are excited to move Vanguard One forward.”

### **About Golder**

Established in 1960, Golder is a global, employee-owned group of companies driven by the purpose to engineer earth’s development while preserving earth’s integrity. From over 165 offices worldwide, more than 6,500 employees help their clients find sustainable solutions to the challenges society faces today. Golder has been working in Saskatchewan since 1970, and Golder’s potash experience includes environmental assessment for greenfield potash mines, tailings management, and geotechnical investigations for mining infrastructure.

### **About Gensource**

Gensource is based in Saskatoon, Saskatchewan and is focused on developing the next potash production facility in that province – but with a radically and fundamentally different approach. Gensource’s President & 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: (1) vertical integration with the market to ensure that all production capacity built is directed, and pre-sold, to a specific market, eliminating market-side risk; and (2) technical innovation which will allow for a small *and* economic potash production

facility, which is much friendlier to the environment to construct and operate - the output of which can then be directed to a single, specific market.

The project information contained in this news release is based on the feasibility study for the Vanguard One Project completed in Q2 2017 (See the news release dated 31May2017 for further details). Mike Ferguson, P.Eng., President & CEO of Gensource and a Qualified Person ("QP") as defined in NI 43-101, has reviewed and approved the contents of this news release.

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