

GENSOURCE ANNOUNCES THE LAUNCH OF A NEW POTASH PRODUCTION MODULE

SASKATOON, Saskatchewan – May 22, 2019

Gensource Potash Corporation (“**Gensource**” or the “**Company**”) (**TSX-V: GSP**) confirms today that it has entered into non-binding Memoranda of Understanding (MOU) to form a joint venture company (“**JVCo**”) to develop the Maverick Project (“**Maverick**” or the “**Project**”) within the Vanguard Area. JVCo will construct, own and operate the potash production facility. The Vanguard Area comprises approximately 72,000 acres of crown mineral lease area of known and prospective potash minerals within leases KL-244 and KL-245. The area is named “Vanguard” to underscore the leading-edge, industry-changing approach to potash production the Company is developing. The Maverick project is being developed alongside the Company’s other project, Vanguard One, within the Vanguard Area.

The parties to the Maverick project have reached an agreement in principal on offtake amount, duration of offtake, equity contribution and JVCo’s operating structure.

The following agreements have been signed for the Maverick Project:

- **Offtake Agreement:** A non-binding MOU for offtake has been completed with a large and well-respected international fertilizer manufacturing and distribution company. The group has significant infrastructure and a well-established distribution network within the North American fertilizer marketplace and has developed a marketing plan to strategically place 100% of the production from a Gensource facility. Offtake MOU terms include:
 - Obligation to purchase 100% of the production from one module of 250,000 metric tonnes per year,
 - Typical take or pay offtake provisions,
 - 10-year duration, with option to renew,
 - Product sale and title transfer at the mine site (FCA mine site), and
 - Market-based pricing formula.
- **Offtaker Project Equity Investment:** A non-binding MOU by the offtaker for direct equity investment into JVCo, alongside Gensource and one other third-party investor. The equity investment will be in the form of cash and equal to 25+% of JVCo ownership. In addition to equity investment in JVCo, the offtaker has also introduced senior debt financing relationships to the Project that will help further accelerate project finance activities.
- **Third Party Project Equity Investment:** A non-binding MOU for the largest equity investment of about 33% from a third-party investor. The third party

is a private investor strategically invested in and owner of a highly respected and established shipping and commodity transportation group which is internationally active in the field of shipping chemicals, oil and agricultural products for world-wide active commodity producers and trading houses. The group also owns real estate and has development interests, the roots of which go back to the early nineteen fifties. The strategic investor wishes to become actively involved in the Project as part of its strategic plan to further diversify its investments on a long-term basis.

Going forward, the next steps to be taken include:

- Execute a shareholder agreement for JVCo. among the three involved parties,
- Complete a definitive offtake agreement pursuant to the terms of the signed offtake MOU, and
- Formally engage the senior debt providers.

Alongside the above agreements and the financing of Maverick, the Company continues to progress the financing effort for its previously announced Vanguard One module in parallel. However, the recent and significant advancement in development of the Maverick project, also in the Vanguard Area, has resulted in a situation where Maverick may be implemented ahead of Vanguard One, driven by project financing.

Mike Ferguson, President & CEO of Gensource, commented "We are extremely pleased to see Maverick advance as quickly and decisively as it has. The fact that Maverick has received formal interest on offtake as well as equity investment as a "bundle" is significant; significant not only because it underscores the commitment to the project by Maverick's offtaker and the third-party investor, but also because of the accelerating effect it will have on the completion of the senior financing package for Maverick. Further, Gensource is pleased to have formal commitment now for two of its small-scale, efficient and environmentally sustainable projects, a situation that speaks to the validity of the Company's business model and overall approach to the required change in the potash industry."

Gensource is working with Roc Global LLC of New York as its exclusive financial advisor.

About Gensource

Gensource is based in Saskatoon, Saskatchewan and is focused on developing the next potash production facility in that province – but with a 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.

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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 the ability to finance the Vanguard One or Maverick projects 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, the ability to finance the Vanguard One or Maverick projects 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 finance the Vanguard One or Maverick projects on terms which are economic or at all; 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 find 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.
